Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel Shk3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1500	Singapore S$4.10
Canada C$1.00	Japan Y500	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt E£2.25	Lebanon $L125.00	Switz SFr2.20
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rin4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,436 Wednesday January 13 1988 D 8523 A

No sign of end to Palestine's ancient struggle, Page 18

World News

Moscow, Stockholm to sign Baltic pact

Sweden and the Soviet Union were scheduled to sign a preliminary agreement settling a 19-year dispute over their boundaries in the Baltic Sea.

The deal will mean increased fishing catches for both countries in the area and opens up the possibility of oil and gas searches in a hitherto unexplored zone. Page 20

Iraqis hit tanker

Iraqi aircraft attacked and set on fire a Cypriot tanker, the United Venture, off the Iranian coast. Eight crewmen were reported missing. Syrian initiative fails, Page 3

Iran arms inquiry

A group of West German police officers and a Middle East businessman were under investigation on suspicion of selling arms to Iran, the Lower Saxony state government said.

Italy to cut Gulf force

Italy will reduce the size of its naval presence in the Persian Gulf, the Italian Foreign Minister said, although no details of the plans were revealed.

Bush on defensive

US Vice-President George Bush was thrown on to the defensive in his campaign for the Republican Party's presidential nomination by questions about his role in the Iran-Contra hostages scandal last year. Page 4

Gorbachev warning

Soviet leader Mikhail Gorbachev said his reform programme was under fire from right and left but warned that disaster would follow if the programme was stopped, Tass news agency reported. Page 2

130 miners missing

More than 130 Brazilian gold prospectors are missing, two weeks after a bloody clash with military police on December 29, near the Amazonian gold rush town of Serra Pelada, the miners' union said.

Philippines shooting

Filipino businessmen condemned as "madness" election violence in the country after gunmen shot dead a woman candidate in the 71st murder of the poll campaign. Poll personalities, Page 3

Bagaza deadline

Former Burundi President Jean-Baptiste Bagaza, deposed in a coup last September, was given eight days to leave Belgium because his temporary visa had expired.

Zimbabwe car bomb

Two people were killed and three injured in Bulawayo, Zimbabwe, when a car bomb wrecked a villa used by South African ANC guerrillas.

Moi sacks minister

President Moi of Kenya sacked Housing Minister Eliud Mwamunga and accepted the resignation of central bank governor Philip Ndegwa who had been re-appointed to a second four-year term only last Friday. Page 3

Japan may cut airfares

The Japanese Government was considering lowering airfares for international commercial flights originating in Japan. Page 4

Surinam elects civilian

Surinam's National Assembly chose a civilian, former Agriculture Minister Ramsewak Shankar, 50, as the country's new president to replace military leader Desi Bouterse. Page 4

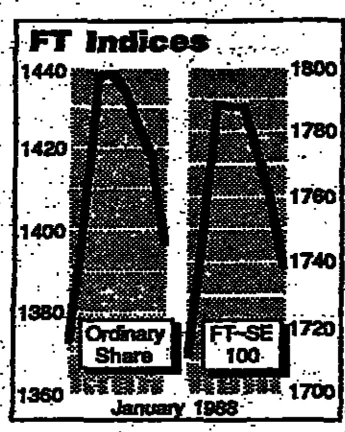
Birthday behind bars

The parents of Mathias Rust, the West German youth who landed a light aircraft near Moscow's Red Square last May, were allowed to visit their son for his 20th birthday in Lefortovo prison, West German sources said.

Business Summary

Wall Street steadies after steep early falls

WALL STREET equity prices lost as much as 42.78 in early trading as caution gripped investors following Monday's strong advances, but the Dow Jones industrial average recovered to finish only 16.58 down at 1,928.55.



Markets elsewhere recovered some poise. In Tokyo, the Nikkei average added 46.62 to 22,625.05 while Singapore and Hong Kong rebounded. European bourses steadied, with Frankfurt and Paris slightly easier but Amsterdam and Zurich up modestly. In London, the FT-SE 100 index fell 21.0 to close at 1,739.2. Page 38

DOLLAR closed in New York at DM1.6330, FFr5.5140, SFr1.3330, Y127.40. It closed in London at DM1.6350 (DM1.6370); FFr5.5200 (FFr5.5250); SFr1.3345 (SFr1.3375); Y127.40 (Y128.15). Page 27

STERLING closed in New York at $1.8230. It closed in London at $1.8210 ($1.8215); DM2.9775 (DM2.9825); FFr10.0525 (FFr10.0650); SFr2.4300 (SFr2.4375); Y232.0 (Y233.5). Page 27

SOUTH KOREAN composite stock price index jumped 18.53 to a record 571.29 on the announcement that the Soviet Union would participate in this year's summer Olympic Games in Seoul. Page 36; Olympics story, Page 20

GENERALE OCCIDENTALE, diversified French company, is selling its Grand Union supermarket subsidiary in the US for $655m. Page 21

NATWEST HOLDINGS, US subsidiary of UK clearing bank, National Westminster, will press ahead with its securities business after the US Supreme Court refused to hear an appeal by the Securities Industry Association to prevent commercial banks operating in the sector. Page 21

NORSK DATA, Norwegian mini-computer group, forecast that profits for 1987 would be halved. Page 23; Lex, Page 20

FERRANTI, UK electronics group, is buying the healthcare systems division of Pentamation Enterprises, US computer systems company, for about $16m. Page 25

ISTANBUL has invited tenders for a $546m contract to build a third bridge across the Bosporus. Page 4

CROWN AGENTS, traditional UK purveyors of goods and services to English colonies, are to manage Japan's three-year, $500m grant scheme for sub-Saharan Africa and other poor countries. Page 4

VIETNAM is to permit the establishment of foreign-owned companies, and overseas concerns to have up to 99 per cent stakes in joint ventures with Vietnamese companies. Page 4

EUROPEAN Commission has cut steel output quotas for the first three months of this year to 4.68m tonnes for hot rolled coil and 3.25m tonnes for cold rolled sheet, a 3 per cent reduction in each case. Page 2

EAST GERMANY had 4 per cent economic growth last year, one of the highest rates in Comecon. Page 2

DOLLAR spending by British companies on US acquisitions more than doubled last year to $29.2bn. Page 6

Moscow seeks US commitments at arms talks

THE SOVIET UNION has emphasised again that any agreement between Moscow and Washington on a 50 per cent reduction in long-range nuclear missiles is dependent on a firm US undertaking to respect the 1972 Anti-ballistic missile (ABM) treaty by Robert Mauthner, Diplomatic Correspondent, in London.

The warning was issued by Mr Alexei Obukhov, the leader of the Soviet delegation at the Strategic Arms Reduction Talks in Geneva, on the eve of a new round of negotiations due to start tomorrow.

After the signature of the Intermediate Nuclear Forces Treaty by President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, at their Washington summit last month, both sides agreed to give priority to the conclusion of a Start agreement as soon as possible. The aim is to complete the negotiations in time for the next summit due to be held in Moscow later this year.

However, the Soviet statement makes clear that the problems which remain to be solved are formidable. In particular, the issue of Soviet opposition to President Reagan's Strategic Defence Initiative must be settled before a Start agreement can be reached.

The communique issued after the Washington summit, as interpreted by US officials, appeared to give the go-ahead to US research and development of space-based defensive weapons. However, it also contained a commitment by the US to observe the ABM Treaty "as signed in 1972" and not to withdraw from it for a period yet to be defined. Moscow has proposed that the length of the period should be 10 years, while Washington wants it to be several years shorter.

The post-summit statement begs the question of the interpretation of the ABM Treaty, which has been a subject of hot dispute not only between Washington and Moscow, but between the US Administration and Congress. Strictly interpreted, the treaty prohibits the testing and deployment of space-based weapons; but it contains an annexe offering the opportunity of "discussions" between the two sides on the development of any new anti-ballistic missile technologies.

At last month's summit, Mr Gorbachev clearly wanted to give the impression that he had dropped the formal linkage between a Start agreement and the abandonment by the US of "Star Wars" to facilitate progress towards a deal on strategic nuclear arms.

This impression was reinforced by mounting opposition in Congress to the Administration's so-called "broad" interpretation of the ABM treaty, which appeared to do the Soviets' work for them.

Yet all the public statements made by Soviet officials since then indicate that Moscow has still not abandoned its efforts to scuttle SDI.

● Reports that Mr Yuli Vorontsov, a Soviet First Deputy Foreign Minister, had been replaced as head of the Soviet delegation to the Geneva arms talks were partly denied by Moscow yesterday. He remained in overall charge but Mr Obukhov, who heads the delegation, would lead the day-to-day negotiations.

Lukman: holding the line

Britain unveils plan for growth to offset declining oil revenue

BY HAZEL DUFFY AND DAVID CHURCHILL IN LONDON

BRITAIN yesterday unveiled its blueprint for boosting the performance of industry involving a shift in emphasis of Government financial support to small- and medium-sized companies as a way of propelling growth to replace lower oil revenues.

Lord Young, UK Trade and Industry Secretary said the policy changes provided "a framework for the next five years".

Extensive use of private sector consultants by such companies to help them improve performance will be encouraged. The Government will provide half (two thirds in the regions and inner cities) of the cost of consultancy programmes.

The marketing of the measures to help smaller companies will involve a big advertising campaign by the Government to be launched today. Civil servants in the DTI will be made more accessible to such companies. About 200 are to be moved to the existing regional offices and 24 new satellite offices to be set up around the country.

The White Paper is the outcome of major reviews of DTI policies ordered by Lord Young when he went to the Department last June. He has taken the opportunity to try and define a new role for the DTI, and particularly for the former Department of Industry, which justifies intervention in business by a Government which in principle is opposed to such tactics.

He also promised new legislation to speed up the process of merger control in the UK, following an 18-month internal inquiry into the Government's competition policy, and "fundamental reform" of the 30-year-old restrictive trade practices legislation.

The new trade practices legislation will be in line with existing European Commission laws which focus on only banning cartel agreements that restrict competition. At present, all agreements between companies are covered by the legislation.

The competition policy changes, especially those concerned with mergers, were less wide-ranging than had been called for by business leaders.

The Government has decided against merging parts of the Office of Fair Trading (OFT) with the Monopolies and Mergers Commission as had been suggested by the Confederation of British Industry (CBI) – an organisation made up of British industrial leaders.

The present policy of referring mainly those mergers which are likely to lead to less competition in the UK will remain in practice.

Its primary purpose on one level is "to change attitudes" away from the anti-enterprise bias of British culture. On another level, it is to ensure that Government support for business is spent more effectively. The total budget for the Department, to be detailed in the forthcoming Public Spending White Paper, will be little changed.

The decision to change the spending emphasis, however, has enabled Lord Young to end the regional development grant which is a virtually automatic payment to companies operating in the development areas, and to substitute special grant incentives to encourage the start-up and expansion of small companies in the regions and inner cities. Northern Ireland will also lose its capital grants, which were similar to regional development grant.

Selective assistance to companies in the regions will continue. The projection is £550m ($1bn) in the next financial year.

Lord Young has also taken the opportunity to announce the long-awaited proposals for the post-Alvey programme on collaborative research in information technology. The amounts involved – £29m over the next three years and another £55m over five years – are considerably less than those proposed by an investigating committee.

Scepticism over "transformation", Page 6; Details, Page 7; Editorial comment, Page 18

THE MAIN POINTS

REGIONAL POLICY: regional development grants end; new investment and innovation grants to small companies in development areas.

INNOVATION: more emphasis on technology transfer and collaborative research; new programmes on superconductivity and information technology.

MERGERS: legislation to speed procedures. Voluntary advance notice of merger plans will secure automatic clearance within four weeks in simple cases; Director General of Fair Trading able to secure legally binding undertakings on anti-competitive aspects without need for Monopolies Commission investigation.

COMPETITION: Legal changes to prohibit anti-competitive agreements and strengthen powers for investigation of suspected illegal cartels.

DEREGULATION: Costs of regulatory compliance, particularly for small companies, to be reduced; business lending and hiring to be exempt from consumer credit law; increased self-regulation.

Israel bars UN official from refugee camps

BY ANDREW WHITLEY IN JERUSALEM

ISRAELI army officers yesterday stopped Mr Marrack Goulding, the UN Undersecretary-General, from visiting Palestinian refugee camps in the Gaza strip as Israel closed outside access to almost all the camps in the occupied territories.

Meanwhile, Israeli troops shot dead another Palestinian in Rafiah on the Gazan border with Egypt, after he tried to stab an Israeli soldier. His death brought the toll during the five weeks of disturbances to at least 35.

Mr Goulding, visiting the occupied territories for the first time since arriving in Israel at the weekend, was turned away by Israeli troops from two camps in Gaza.

At the third, the small Maghazi camp – the only one left open by the military authorities – demonstrators blocked the entrance, forcing the UN party to turn away.

The UN official then left for a hastily arranged meeting in Tel Aviv with Mr Yitzhak Rabin, the Israeli Defence Minister, who had toured the Gaza Strip earlier in the day.

The deep divisions in the Israeli coalition government were further underlined yesterday by Mr Shimon Peres, the Foreign Minister, who restated his support for a political solution to the crisis after emerging from a meeting with the influential Knesset (parliament) Foreign Affairs and Defence Committee.

"By using only bullets it is impossible to solve the problem," Mr Peres declared.

Gaza and the West Bank, together with the Arab half of Jerusalem, remained solidly in the grip of a general strike yesterday, which is expected to last until the end of the week.

Yesterday's relative quiet in the occupied territories is likely to prove only a temporary lull because of the imminent expulsion of the nine Palestinians served with deportation orders.

Four of the Palestinians have withdrawn their appeals to an Israeli military appeals board, on the grounds that evidence against them would be kept secret in court.

Instead, they said yesterday they would try to bring their case to the attention of the Pope, the UN Security Council and the Soviet Union.

Another four of the nine, all from Gaza, heard yesterday that their appeals had been turned down by General Yitzhak Mordechai, the hard-line Southern Command military chief in charge of the Gaza Strip.

It is still uncertain to which country the nine will be sent. In the past, deportees have been pushed across the border with Jordan, but this time Jordan has made clear that it will refuse to accept the men.

Palestinian feelings are likely to be further inflamed by the release from police custody on Monday night – without being charged – of Mr Pinchas Wallerstein, a Jewish settler leader and Mr Shai Ben-Yosef, his bodyguard.

The two men admitted shooting dead a teenaged demonstrator and seriously wounding another after a stoning incident in the West Bank.

● Egyptian riot police clashed yesterday with stone-throwing students at Cairo's Ein-Shams University, over student demonstrations calling for the release of colleagues arrested during anti-Israeli protests last week, Reuter reports from Cairo.

Opec cuts production as prices fail to hold

By Steven Butler in London

OIL PRODUCTION by the Organisation of Petroleum Exporting Countries has fallen sharply in January as Opec members have encountered difficulty selling crude oil at official reference prices, Mr Rilwanu Lukman, Opec President, said yesterday.

Mr Lukman, speaking at a seminar sponsored by Hoare Govett, the London stockbroker, said that Opec production had fallen to between 16m and 16.5m barrels a day, compared to a December output for the oil cartel of 18.3m b/d as estimated by the International Energy Agency.

Crude prices, meanwhile, continued to fall yesterday following fresh reports that Saudi Arabia and Kuwait were selling oil at discounts to the Opec reference price of $18 a barrel. Brent crude for January delivery was off 80 cents at $15.925.

Mr Lukman acknowledged the intense pressure on members of Opec to introduce discounts but said the oil cartel was determined to avoid a repeat of 1986, when a round of heavy discounting and overproduction pushed prices below $10 a barrel.

Mr Lukman said that discounting below the official prices was of less concern than maintaining the official production ceiling of 15.06m b/d, excluding Iraqi production.

"The fundamental resolve is to adhere to this production ceiling and this will be the deciding factor," he said. "We expect to see prices firming up over the next few months."

Oil analysts said that Mr Lukman's estimates of a 2m b/d cut in Opec production could be accurate because purchasers of Opec crude had delayed lifting of oil cargoes in anticipation of price cuts. Oil companies could also draw on high levels of stocks in the OECD countries, and the cut in Opec production

Continued on Page 20

American Express writes off Latin American corporate debt

BY RODERICK ORAM IN NEW YORK

AMERICAN EXPRESS, the US financial services group, said yesterday that its international bank had written off all its Latin American private sector corporate loans and added $350m to its loan loss reserves.

The group's action, coupled with a $550m addition to reserves late on Monday by Security Pacific, a leading California bank, has greatly increased the pressure on the biggest US banks to join another round of huge provisions for Third World debts.

American Express Bank said it had raised its reserves to $778m, or about 60 per cent of all non-trade related loans to countries which have refinanced their debts.

Its parent company, American Express, will offset the charge with a $204m gain from accounting changes to make a net extraordinary loss of $146m in the group's fourth-quarter results.

Mr Robert Smith, the bank's chairman, said the actions reflected an acceleration of its policy for "an orderly exit from cross-border lending" and a decline in the secondary market for debts of less-developed countries.

The banking subsidiary, which will also receive a $200m equity capital injection from its parent, said it had cut its portfolio of Third World debt by 37 per cent, from $2.4bn to $1.5bn, in the past year.

About $550m of the cut has come from selling loans in the secondary market, $160m from debt-to-equity conversions and $80m in write-offs.

American Express Bank has been a leader in debt-to-equity conversions by, for example, committing $85m to a Mexican resort hotel project and $55m to a Brazilian petrochemical complex.

Some banks appear to be resisting the trend to add to reserves because their capital bases were weakened by additions during the summer.

Mr James McDermott, an analyst with Keefe, Bruyette in New York, estimates that Citibank, for example, would have to add a further $3bn, equal to its actions last May, if it were to match the new levels set by smaller banks.

Wall Street expects further announcements as banks enter the year-end reporting season.

The latest surge of effort to ameliorate the debt problems of the Third World began at the turn of the year, when the US Treasury agreed to a plan under which Mexico would issue bonds backed by US Treasury securities. Banks would bid for the bonds, exchanging them for their discounted Mexican loans.

It looks as though banks will bid aggressively for the bonds, judging by the large additions to reserves and write-offs announced subsequently by some leading regional US banks.

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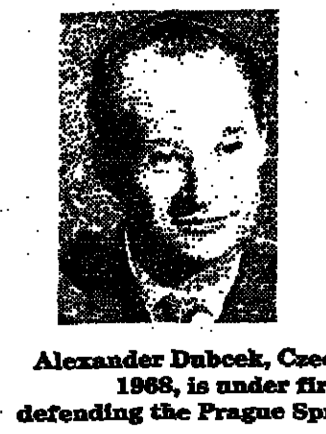

PRAGUE'S MEDIA REVIVE THE BATTLE OF 1968

Alexander Dubcek, Czech leader in 1968, is under fire for defending the Prague Spring, Page 20

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Brussels thwarts French can industry merger

BY WILLIAM DAWKINS IN BRUSSELS

A SUBSIDIARY of Continental Can, the US metal can maker, has sold its 33.4 per cent stake in a French partner following a European Commission inquiry into potential infringements of EC competition rules.

This is the first time the Brussels authorities have made use of a landmark legal precedent established last November by the European Court of Justice in Luxembourg and is the latest example of the Commission's eagerness to exert more influence on cross-border mergers.

Last year's Court judgment confirmed that Commission has the power to apply Article 85 of the Treaty of Rome to mergers. Article 85 outlaws accords likely to distort free trade but had never been applied fully to takeovers likely to stifle competition.

Yesterday's decision comes in response to an inquiry from the French legal authorities in November on whether a takeover in the French drinks can industry risked running foul of EC competition law. Carnaud, a French can maker with 5 per cent of the Community market, had launched a bid for two thirds of Sofreb, a loss-making can producing subsidiary of Sacilor, the steel group. Schmalbach-Lubeca, a West German subsidiary of Continental Can and owner of the remaining third of Sofreb's shares, immediately complained to the French courts, which suspended the deal, and to the Commission.

Schmalbach and its parent Continental Can – which holds 29 per cent of the EC market – argued that the takeover should be stopped because it would give the combined Carnaud-Sofreb group an unfair dominance of the French market.

Instead, the Brussels authorities argued that the one thing about the deal likely to distort competition was the link it would establish between Carnaud and Continental Can, two big producers at Community level, via their shareholdings in Sofreb. As a result, Carnaud offered to buy Schmalbach's stake in Sofreb, as well as the Sacilor holding, thereby severing any ownership link between itself and the US group. Schmalbach withdrew its complaint and accepted the offer.

This eliminated "the risk of co-operation inherent in the common presence of two direct competitors in Sofreb," said the Commission. The outcome has been to add slightly to Carnaud's share of the EC drinks can market, but it is still significantly smaller than that of Continental Can and other competitors, say Commission officials.

Steel quota decision disappoints producers

By William Dawkins in Brussels

THE European Commission yesterday announced a small cut in steel output quotas for the first three months of this year, but the clampdown fell short of the demands of Europe's pessimistic integrated steelmakers.

European Community steel companies' output of hot rolled coil, the raw material for car body panels and the sector where surplus capacity is heaviest, is to be limited to 4.68m tonnes in the first quarter of 1988, while cold rolled sheet quotas are set at 3.25m tonnes, both a 2 per cent reduction on the final three months of last year.

Eurofer, the "club" of big integrated producers, had been arguing for a 4 per cent cut on the grounds that many forecasts point to a marked decline in car sales this year, a situation where steelmakers would need maximum price support.

However, Brussels is committed to liberalising the steel industry after seven years in which prices have been propped up by output controls. Only last month, EC member states agreed to dismantle the quota system in steps by the end of 1990 at the latest. Quotas for heavy plate and heavy sections, mostly used in shipbuilding, construction and the offshore industries, are to be held unchanged at 1.4m tonnes each.

Less than half of total EC steel output is now subject to output controls, down from 60 per cent at the end of last year before merchant bar and wire rod dropped out of the quota system on January 1. Hot and cold rolled coil are due to be liberalised on July 1 unless the industry comes forward with guarantees to close 7.5m tonnes of the more than 10m tonnes overcapacity in those sectors by mid-June, in which case they continue to receive the protection afforded by output controls until the end of 1990.

The same rules apply to heavy plate and sections, where the industry has already volunteered to shut well over half of the 9.6m tonnes overcapacity in those sectors.

Sweden and Moscow will gain from a deal on fishing and oil rights, says Sara Webb

Accord ends Baltic free for all

THE resolution of the Baltic boundary dispute between Sweden and the Soviet Union will mean larger fishing catches for both sides in what had become a "free-for-all" part of the Baltic and will open the door to oil and gas exploration.

Under the preliminary agreement, Sweden will have 75 per cent of the 13,500 square kilometre disputed area – known as the white zone – and will be allowed to fish up to 6,000 tons each year from the Soviet Union's 25 per cent. The Soviet Union will be able to fish up to 18,000 tons from the Swedish part of the zone. New quotas will be fixed after 20 years.

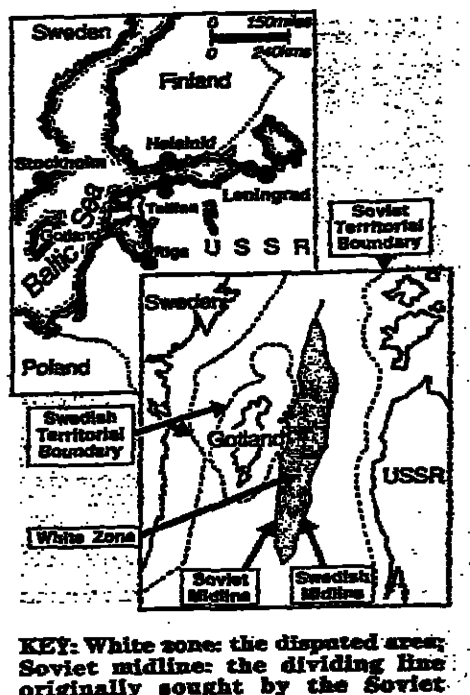
The agreement will allow Sweden to increase significantly its catch in the area – since it can now decide which countries should have fishing rights there – and will enable both countries to regulate the valuable cod, herring, and salmon stocks, and in particular the amount of fishing in the important cod breeding grounds in the southern part of the white zone.

While this has been a disputed – and hence unregulated – area, the Swedes have expressed alarm at the overfishing of valuable cod and herring stocks, particularly by Danish and West German vessels. Other boats in the area come from the Soviet Union, Sweden, Finland, and the Faroe Islands.

The southern part of the area contains important breeding grounds for cod, which are plundered during the spring when the fish arrive to breed. Mr Lennart Myrsten, who headed the Swedish delegation during negotiations with the Soviet Union, said that Sweden would try to ensure that sustainable stocks of cod, herring and salmon were allowed to build up.

Until now, Swedish fishing catches in the zone were about 5,000 tons per year with a value of about SKr 25,000 – less than the 6,000 ton quota that Swedes will have in the Soviet quarter in future.

Statistics for the total catch by all nationalities in the zone are scanty and put at around 60,000-70,000 tons with an estimated value of SKr 450m.



KEY: White zone: the disputed area; Soviet midline: the dividing line originally sought by the Soviet Union; Swedish midline: dividing line originally sought by Sweden.

For Sweden, the Baltic Sea (not just the zone) is an important fishing area and, in terms of value, roughly half Sweden's total fishing catch comes from the Baltic. According to the most recent statistics (1986) Sweden's herring catch in the Baltic totalled 41,000 tons, while cod (which is much higher in value) totalled 40,000 tons and the salmon catch reached 970 tons.

While Sweden is pleased with the agreement, Denmark has voiced reservations. Danish fishermen catch an estimated 25,000 tons of cod in the zone.

During recent days, Danish salmon fishermen have warned that a boundary agreement could threaten their livelihoods. Fishermen from the eastern Danish island of Bornholm would be the most seriously affected.

Sweden said it would negotiate fishing rights with the European Community, covering Danish and West German rights in the area. The Danish Fisheries Ministry said that Denmark, via the EC, would now seek intensive consultations on the matter and that it would have to re-evaluate the conditions with Sweden concerning the exchange of fishing rights.

The Danish Fisheries Minister is due to meet Mr Mats Hellstroem, the Swedish Agriculture Minister, next week in Copenhagen before discussing the issue in Brussels.

"There has to be some understanding from the Swedish side that we cannot just interrupt our fishing," said Mr Claus Jensen, head of planning at the Danish Fisheries Ministry.

The resolution of the fishing question has tended to overshadow the potential the zone may have when it comes to oil and gas exploration.

The Swedish Energy and Environment Ministry now expects increased interest in starting exploration work in the zone. While this has been a disputed area, no exploration has taken place, though there has been limited exploration by Sweden on the continental shelf for oil and gas.

So far, the wells which have been drilled show traces of hydrocarbons in low volumes. OPAB, a Swedish oil exploration company which is 49 per cent owned by the government, says that the signs around Gotland, east of the zone, have not been encouraging.

"No one has made any effort to look at the potential of the zone area," says Mr Freddie Linder, technical manager at OPAB. "To all practical purposes it is unexplored."

With the current low price of oil, exploration may not appear very attractive at present, but given Sweden's decision to phase out nuclear power in the 1990s and the fact that the government still has not decided on the alternative energy sources, oil and gas exploration could become much more important in future.

Court bars Solidarity union move

By Christopher Bobinski in Warsaw

POLAND'S high court yesterday rejected applications by two groups of workers to register Solidarity unions. The workers wanted to set up unions at the giant Belchatow open cast lignite mine and the Dolmel electrical engineering works in Wroclaw.

Mr Lech Walesa, in Warsaw to meet Mr Hans Dietrich Genscher, the West German Foreign Minister who is on a four day trip to Poland, attended the Dolmel case to show support for this new tactic by the banned union's supporters.

Similar applications in the past few months have been attacked by other Solidarity supporters as going too far in accepting the post-martial law legal framework.

But support is growing and recently more than 400 staff at Warsaw university joined the 30 or so plants throughout the country which have either had their applications rejected or are waiting for court hearings.

The workers argue that the Polish constitution and the Geneva-based International Labour Organisation's conventions which Poland has ratified give them trade union rights despite the official ban on Solidarity.

In court too were leaders of the newly formed Polish Socialist Party (PPS), which now claims about 2,000 supporters including Dolmel employees.

The PPS has condemned the government for seeking to retain control over nomination of candidates for local government elections in June and suggested a boycott unless independent nominations are permitted.

Top EC bureaucrat predicts rosy future

BY TIM DICKSON IN BRUSSELS

MR DAVID WILLIAMSON, formerly Mrs Thatcher's top adviser on European affairs and now occupant of the key post of Secretary General of the European Commission, yesterday outlined an optimistic vision of the European Community extending its range of activities and competence after the completion of the internal market in 1992.

In his first public speech since assuming his new role – in effect, head of the Brussels bureaucracy – Mr Williamson predicted a "markedly" bigger influence over legislation for the European Parliament. He emphasised that the proposed increases in the Community's social and regional funds were an "essential element" in the EC's goal of creating a single economic area.

Mr Williamson's characteristically upbeat assessment comes at a time when many officials and diplomats in Brussels are gloomy about prospects for resolving the EC's deepening budgetary crisis at next month's crucial summit of EC heads of government. The meeting on February 11 was called after EC heads of government meeting in Copenhagen in December failed to agree on an all-important package of financial reforms, including increased resources for the Community budget and steps to keep the level of agricultural spending under control.

His opposition to "Euro-pessimism," he told a seminar at the Centre for European Policy Studies in Brussels yesterday, was underpinned by a belief in the strong public support for European initiatives and by the progress which has been achieved, most recently for example in air transport, the control of car emissions and the whole internal market programme.

Among Mr Williamson's observations was a feeling that the co-operation procedure which gives parliament a chance to amend legislation has provided the Strasbourg assembly with a "more distinct role" than had been foreseen. He also thought that the EC would reach a "new cruising speed" after 1992 and that by contrast with many of the Commission's current proposals aimed at establishing the internal market "the initiatives thereafter would not necessarily take a legal form".

France to open up market for private radio telephones

BY PAUL BETTS IN PARIS

FRANCE is to open to competition the market for private mobile radiotelephone networks, such as those used by taxi companies, Mr Gerard Longuet, the French telecommunications minister, said yesterday.

This follows liberalisation of French markets for value added telecommunications networks, radiotelephone paging systems and the public market for car telephones.

Mr Longuet said the French telecommunications authority, recently renamed France Telecom, would accelerate the country's new cable programme which is also open to competition.

After a hesitant start, the cable programme has now taken off with 340,000 households cabled in France by the end of last year compared with only 60,000 in 1986. Mr Longuet expects to extend this to more than 1m households by the end of this year.

The French telecommunications minister is also drawing up a white paper to adapt the legal status of France Telecom to suit the new deregulated European telecommunications environment. To avoid political controversy just before this spring's presidential election, the government has preferred to delay legislation for a broad deregulation of the French telecommunications industry.

Mr Longuet also announced yesterday net profits of FFr 9bn on sales of FFr 94.5bn for France Telecom last year and a profit of Ffr 1.5bn on sales of FFr 62.1bn last year for the French postal services. France's Telecom's net profits are expected to decline to FFr 2.9bn this year with the introduction at the end of last year of value added tax for telephone services. Mr Longuet said the introduction of VAT was part of the process of adapting French telecommunications to an increasingly deregulated environment.

Gerard Longuet: adapting France Telecom

One significant measure has been the deregulation of car telephones, a sector in which France has trailed its main European partners.

In an effort to boost competition and the development of this sector, the French authorities chose last month a second operator to offer a national car telephone network in competition with France Telecom and Matra.

This second operator involves a consortium led by the Compagnie Generale des Eaux private water distribution group in partnership with Alcatel and Nokia of Finland.

Alcatel and Nokia together with the West German AEG group confirmed plans yesterday to develop by 1991 ECR 900, a European digital mobile communication system compatible with the new European digital radio communications standard.

Already 15 countries have agreed to adopt the new European GSM standard. France, West Germany and the UK are expected to place their first orders for these digital radio communications networks this year. The European market for digital radio communications is expected to grow from about $100m in 1991 to $1.35bn in 1995.

Mr Timo Koski, executive vice president of Nokia, said in Paris yesterday that the introduction of the GSM standard marked a "historical turning point" for both the European telecommunications industry, European telecommunications authorities and network operators. He claimed that with GSM, Europe will overtake the US and become the world's largest single standard market in this field.

Projections for GSM envisage about 15m subscribers in Europe by the end of the century with 500 mobile switching centres and 750,000 traffic channels installed.

E Germany economy grows 4%

By Leslie Colitt in Berlin

EAST GERMANY'S economy grew 4 per cent last year, one of the highest rates in Comecon, although it missed its target of 4.5 per cent expansion, according to an official statistical report.

The growth target for 1988 has been cut to 4.1 per cent, reflecting a reduction in the ambitious targets set since 1984 when expansion peaked at 5.5 per cent. East Germany is attempting to modernise its highly planned production and to improve quality without Soviet-style economic reforms.

Industrial output rose 3.7 per cent last year compared with 4.3 per cent in 1986. Labour productivity rose 6.6 per cent against a target of 8.6 per cent and actual growth of 8.8 per cent in 1986 and 8.6 per cent the previous year.

Net incomes of East Germans rose 4.6 per cent in 1987, 0.6 per cent above the target and higher than at any time in the 1980s. This was largely the result of higher child support payments. Retail turnover, an indicator of living standards, rose 3.5 per cent compared with 4.1 per cent in 1986 and 4.2 per cent in 1985.

In foreign trade, East Germany had an export surplus of more than 3bn valuta marks (an accounting unit pegged to the transferable rouble and worth less than the D-Mark) last year. This compared with a surplus of valuta marks 1.5bn in 1986 and valuta marks 4.2bn the previous year.

The Soviet Union has called on East Germany to deliver more high technology products and quality consumer goods in return for Soviet energy and raw materials. This has further limited East Germany's ability to compete on Western markets. At the same time East Germany's vital trade with West Germany is declining because of falling prices for refined oil products.

Gorbachev warns of 'disastrous' course

SOVIET leader Mr Mikhail Gorbachev says his reform programme is under fire from right and left but argues that disaster would follow if it were stopped, the Tass news agency reported yesterday, Reuter reports from Moscow.

Mr Gorbachev also asserted that if the *perestroika* restructuring drive he has launched were pushed through, the Soviet Union would become the world's prime democracy.

The Kremlin chief made his remarks during a meeting on January 8 with leading newspaper editors and cultural figures, including several who have been leading the *glasnost* campaign for freewheeling discussion in the Soviet media.

"We are frequently criticised - by some people from the right and others from the left," he told the meeting, according to a detailed account of his speech and the ensuing debate issued by Tass.

"To stop now would be disastrous. We must not permit it under any circumstances," Mr Gorbachev said.

"If we take fright and stop the processes we have begun, it would have the most serious consequences, because we simply could not raise our people to such a massive task a second time," he declared.

Analysts said Mr Gorbachev's wide-ranging address and the ensuing discussion with some of the country's leading intellectuals appeared clearly aimed at signalling reforms were proceeding full-steam ahead.

"No one will go so far in questions of democracy as we will, because that is the essence of the socialist system," he said.

The Soviet leader said a deepening of the democratisation drive inside the Communist Party and in local government would be the main focus of an extraordinary Party conference due this summer.

In his first public reference to alarm among many intellectuals and some workers and students over the sacking of his protege Mr Boris Yeltsin last November, he said their fears had been misplaced.

Without naming him, Mr Gorbachev set the former Moscow City Party chief among the "left-wing" critics who wanted to move too fast.

Greek unions call one-day pay strike

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK trade union congress, GSEE, yesterday called a one-day strike for January 28, following the collapse of negotiations for a 1988 collective wage agreement with private sector employers.

The talks broke down despite employers' willingness to join GSEE in defying the Socialist Government's wage guidelines.

GSEE's decision is remarkable in that the Congress has exclusively represented socialist trade unions loyal to the government since a split in the Greek labour movement two years ago over the introduction of a stringent economic stabilisation programme.

Employers offered at least 10 per cent above government recommended wage increases. The latter will be about two percentage points higher than inflation in 1988. The recommendation marks the end of the two year stabilisation programme which hinged on a tight incomes policy. Inflation is forecast at 12 per cent this year.

The talks broke down over employers' insistence on the abolition of wage indexation, introduced by the socialists in 1981 and maintained with modifications during the stabilisation period. The unions refused to concede this and demanded in addition a January compensation payment of 12 per cent to 14 per cent to cover losses in real income suffered in 1986 and 1987 as a result of the stabilisation measures.

The deadlock is likely to be resolved through compulsory arbitration by the government. The price however is likely to be labour unrest, with dissident socialists and opposition Communist trade unions backing GSEE.

Belgian impasse remains

By Tim Dickson in Brussels

BELGIUM'S King Baudouin yesterday asked Mr Willy Claes, a former Economics Minister and a leading figure in the Flemish speaking Socialist party, to continue his negotiation role between the parties, with no sign of an immediate breakthrough.

Mr Claes was appointed a week ago to draw up a programme for the next Government and to try to find a workable coalition which could carry it out. His mission follows December's inconclusive general election result, which showed a swing to the Right wing Liberals in Flemish speaking Flanders but left the Socialists victorious in Francophone Wallonia.

The country's deep linguistic divisions, however, appear to have frustrated his efforts to find a way through the impasse and he admitted yesterday at a press conference in Brussels that he was still "short of one or two players" for every combination he had tried. He added, "I have not the right to exclude any formula at the moment".

Many political observers continue to bet on a centre-left coalition.

Finance market rules drawn up in Hungary

HUNGARIAN financial institutions set up a regulatory framework yesterday to govern the country's securities market, the only one in Eastern Europe, Reuter reports from Budapest.

The move followed rapid growth in a bond market last year, introduction of worker participation shares and legislation permitting the state to issue treasury bills.

Banks and financial institutions will start meeting every week from January 19 for a so-called "dealers' day" of inter-bank trading. A centre will receive daily information on trading in bonds, shares and treasury bills and publish selected rates.

"Every commercial bank would like to create its own market," Mr Zsigmond Jarai, Budapest Bank manager, said after the agreement was signed by the National Bank of Hungary, the Hungarian Chamber of Commerce and 22 financial institutions. "But we must work together, we must regulate new issues and we must regulate the secondary market."

France backs Turkey on EC membership

By Jim Bodgener in Ankara

FRANCE will not block Turkey's application for full membership of the European Community, French Foreign Minister Mr Jean-Bernard Raimond said during a one-day visit to Ankara. The pledge is a further step in the restoration of friendly relations between the two countries.

The visit was the first by a French foreign minister to the fellow Nato state for 13 years. Relations following the 1980 coup deteriorated badly over French criticism of the military government's human rights record, and particularly over tacit French support for the Armenian cause.

Relations have steadily thawed over the past two years, helped especially by the April 1986 meeting in Paris between Mr Turgut Ozal, the Prime Minister and his French counterpart Mr Jacques Chirac. The rapprochement has been underpinned by French eagerness to secure contracts in Turkey's ambitious infrastructure development programmes, and growing two-way trade valued at $400m in 1986.

According to Turkish officials, the two countries will aim for increased co-operation in tourism and industry following Mr Raimond's visit. They will also discuss lengthening visa terms for about 150,000 migrant Turkish workers in France. The officials also say France plans to establish a Francophone university in Turkey.

Basque terror deal

Representatives of nearly all major Basque political parties reached an agreement yesterday condemning Basque terrorism and rejecting political negotiations with terrorists, AP reports from Vittoria.

The accord, based on a document drawn up by the Basque regional government head, Jose Antonio Ardanza, says the Basque separatist organisation ETA lacks political legitimacy.

The Amoco Cadiz settlement leaves Bretons calling for more cash

Verdict fails to clean up dissent

A US court award of $85.2m for damage caused to the French Breton coast by a huge oil spill has left the local population with mixed feelings – and the beaches still reeking of crude oil 10 years after the disaster, Reuter reports from Ploudalmezeau in France.

Local officials said yesterday that the award, believed to be the biggest ever for environmental damage, was a victory for the principle that polluters should pay for the damage they cause but a disappointment in cash terms.

"The money we were awarded will just cover legal costs," said Mr Joseph Patinec, deputy mayor of Ploudalmezeau, on the western tip of the Brittany coast.

"Local people expected more than the FFr90m ($16m) or so they got under the award," Mr Ambroise Guellec, Minister for Maritime Affairs and a Brittany parliamentary deputy, said on French television.

"That is relatively disappointing, but I think the fact that will go down in history is that the polluter was punished," he added.

The 200,000-tonne Amoco Cadiz oil tanker foundered during a fierce storm in the Channel on March 17 1978, and ran aground two miles (3.2km) off the Brittany coast, spilling 223,000 tons of oil.

An inquiry found that the ship's steering mechanism was defective, causing it to drift and eventually run aground.

A Chicago court on Monday ordered Amoco to pay the damages to compensate for the environmental havoc. French interests had demanded $1.6bn.

The bulk of the payment will go to the Paris government to cover clean-up costs. Breton fishermen, hoteliers and local government officials will receive FFr93m.

But Breton officials representing the 90 coastal villages affected said they were disappointed by Judge Frank McGarr's ruling and would appeal for bigger damages.

"We had to spend a lot on cleaning the coast and repairing public buildings. We thought the expenses would be repaid after the hearing," Mr Patinec added.

Bretons say fishing and tourism are still not back to normal and that the beaches of Brittany reek of crude oil 10 years after the largest marine slick ever to reach land spread over the north-western coast.

Local geologists say rocks along the coast, impregnated with crude oil, still have a 2 per cent petroleum content.

French Socialist parliamentarian Mr Charles Josselin, speaking in Chicago, criticised the court decision, saying it did not cover what he called "moral damages."

Mr Josselin said potential polluters who believe they can avoid paying for ecological damage may not take the necessary precautions.

But Amoco said during the trial that the worst of the damage was corrected within four months of the accident.

Amoco also said it would appeal against the damages and against a 1984 ruling that Amoco was liable for the spill.

Krupp offers jobs plan to dampen Ruhr anger

BY DAVID MARSH IN BONN

KRUPP, the West German steel company, has offered to find jobs or early retirement packages for most of the 5,300 workers at its Rheinhausen steelworks in Duisburg, due to be closed under a rationalisation plan.

The proposals, put forward after more than a month of sporadic work stoppages and protests at the steelworks, have been drawn up to try to still workforce anger and dampen political controversy about the effect of closure on the Ruhr steel town.

Krupp has stuck its plan during the past week to shut the integrated steelworks, losing more than DM 100m ($62.5m) a year. This forms part of a restructuring plan worked out with Thyssen and Mannesmann and announced at the end of November.

But Krupp has also pledged that 2,150 workers would be given jobs in a new joint Krupp-Mannesmann company running a steelworks in another part of Duisburg, while 1,200 would be given early retirement, and others would be found jobs elsewhere with either Krupp or Thyssen.

After making allowance for natural departures and paid-off redundancies, this would rule out any mass sackings, Krupp says.

Krupp's line that the 90 year old Rheinhausen plant has no future has been backed by Mr Martin Bangemann, the Economics Minister, in a comment which has drawn the ire of the opposition Social Democratic Party.

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Iraqi air strike ends hopes for Syrian initiative

BY OUR MIDDLE EAST STAFF

A SECOND Iraqi attack within two days on Iranian oil traffic has clearly indicated that any tacit truce between the two belligerents reached as a result of Syrian mediation has broken down.

An attack on Monday night on the United Venture, a 74,010-deadweight-ton vessel carrying a cargo of petroleum products, was reported to have left the vessel blazing. The Singapore-registered vessel was hit near Lavan Island, the main transshipment point for Iranian oil exports.

It came within 24 hours of a strike on Khark 3, a 280,476-deadweight-ton supertanker as it was sailing south fully loaded with crude.

Iraqi claims to have raided two other "large naval targets" before the attack on the United Venture had not been confirmed by last night.

Nevertheless, Syria claimed yesterday that its diplomatic initiative, involving a tour last last week by Vice President Abdel-Halim Khaddam and Mr Farouk al Sharaa, the Foreign Minister, had obtained results.

"We have succeeded in achieving an agreement by Iran and the Arab Gulf states to achieve a direct dialogue and this is a positive outcome of the Syrian mediation", Mr Mohammed Salman, the Minister of Information, said in Damascus yesterday.

Mr Frank Carlucci, US Secretary of State for Defence, said yesterday that the Administration would maintain adequate forces in the Gulf to protect US-flagged vessels. Reports from Washington last week said that the helicopter carrier Okinawa and the battleship Iowa were to be withdrawn from the task force there.

Meanwhile, President Hosni Mubarak of Egypt arrived yesterday in Qatar on the fourth leg of his tour of Gulf Arab states to discuss a common strategy toward Iranian threats. As on earlier stops in Saudi Arabia, the United Arab Emirates and Kuwait, Mr Mubarak had received a red carpet welcome.

Mubarak: red-carpet welcomes

Mr Mubarak told reporters onMonday night that he hoped Syrian mediation efforts "will succeed in putting an end to the Iran-Iraq war".

A Kuwaiti government spokesman said Monday's discussions "dealt with the Gulf war, the Palestinian uprising (in the Israeli-occupied West Bank and Gaza Strip) and issues of mutual interest".

He also will visit Bahrain and Oman, the remaining members of the six-nation Gulf Co-operation Council, an economic and military alliance.

The GCC states have been increasingly menaced by Iran as an consequence of the seven-year war with Iraq.

Iran has attacked Kuwaiti and Saudi shipping, fired missiles at Kuwait's coastal oil facilities and called for the overthrow of the Saudi monarchy.

Shanghai exchange goes a step beyond bond trading

BY ROBERT THOMSON IN SHANGHAI

PUNTERS ON the Shanghai Stock Exchange floor jostle for a view of the latest prices on the electronic listing board, while disgruntled potential investors loiter outside and lament their failure to get a piece of a fast-selling bond issue.

Clad in the padded blues of the Chinese winter, the men and women gathered on the exchange floor are in the centre of continuing controversy over the role of stocks in China's modernisation drive. For the moment, stocks are in favour, and the exchange has been authorised for the first time to oversee issues that can be openly traded.

Lao Fan, a 63-year-old retired teacher, has invested just 10,000 yuan (£1,490) in stocks and bonds issued at the exchange. Though he was aware of the international market crisis, he had no fears about his investment: "I didn't commit suicide. These are socialist stocks. There is no problem. I won't jump from the 24th floor." (When Shanghai people describe a high place they often allude to the "24th floor" – the tallest building in pre-revolutionary Shanghai was the 24-storey Park Hotel, which overlooked a racecourse that has become People's Park.)

While the stock exchange has been open for more than a year, it is only now that the issues are anything more than interest-bearing bonds. The exchange's manager, Huang Giuxian, said the market sets the prices of the most recently listed stock, issued by a local electronics company, and holders will receive dividends not interest.

The party is divided over the use of securities, which, for some officials, reeks of capitalism, and is an unacceptable breach of communist principles. Early last year, Shanghai newspapers were told not to mention stocks, as the party was in the midst of a crackdown against "bourgeois liberalism" or western influence, and the future of the exchange was in doubt.

An article in the Economic Daily yesterday was a sign of the renewed confidence in stocks since a landmark Communist Party congress late last year. It noted that China had little to fear from the international market upheaval, and made a few amusing comparisons between Western and Chinese-style stocks. Further affirmation will come when an enterpise law, currently under debate, is approved by the Government in coming months.

At the heart of the ideological debate is the ownership of the means of production. Orthodox Communists fear that issues will dilute state ownership, while reformers see them as an ideal means of raising needed funds. Curiously, orthodox Communists have been supported by a few banking officials, who are annoyed that money traditionally deposited with them has been invested at the exchange.

Issues have been particularly popular among elderly people, who have a pre-revolutionary knowledge of the system, according to Huang Giuxian, who was a bank clerk in the old Shanghai: "During the stock market crash our prices were stable. The investors know much more than me. They knew that one man killed himself in the US."

Stock prices here are not as variable as Huang suggests, as the state is certainly not going to allow a model issue to plunge, and investors are virtually guaranteed at least a 10 per cent dividend. So far, there have been seven issues

Each of the new stocks would be freely traded, Huang said, and a limited form of voting right is likely in the future. The issuing companies are carefully screened by the Government and include a plastics factory and a shopping centre.

Lao Fan has seen the value of some of his stocks rise from 55 yuan to 63 yuan in recent weeks, but he is not tempted to sell, arguing that the competition for stocks will make it difficult for him to buy more if he offloads now. He politely explained that the investment is not a money-making exercise but a "contribution to China's construction".

Sudan rebels 'agree ceasefire'

BY OUR FOREIGN STAFF

SOUTHERN Sudanese rebels have agreed to a ceasefire with the army provided that the Government ends a state of emergency imposed six months ago, Prime Minister Sadeq al-Mahdi has been quoted as saying in the capital Khartoum.

The rebels, however, are pressing ahead with their military campaign. Yesterday the radio of the Sudan People's Liberation Army said rebel forces had captured the remote southern town of Kapoeta after three days of heavy fighting

Mr al-Mahdi, in a speech to a closed session of the Sudanese parliament, said the SPLA and the armed forces had recently held two rounds of negotiations. Previous talks between the two sides have primarily involved political leaders.

The SPLA, led by Col John Garang, launched military operations against the government in 1983 in pursuit of long-standing demands for greater autonomy for the south.

Southerners, most of them Christians or animists, resent the domination of Sudan by northern Moslems, but Mr al-Mahdi suggested in his speech that Col Garang had relaxed his demands for the nationwide abolition of Sharia, or Islamic law. The SPLA, the Prime Minister said, now insisted only that Sharia be scrapped in those areas were Moslems were a minority.

Mr al-Mahdi said his Government would continue to seek a peaceful settlement with the rebels but at the same time would "firmly confront foreign aggression, internal subversion and all forms of treason".

The SPLA's announcement of the capture of Kapoeta indicates a shift the strategy of the rebels, who have spend the last two months fighting government forces in Blue Nile province about 700km to the north.

Moi dismisses bank chief and close adviser

KENYAN President Daniel arap Moi yesterday demoted one of his closest advisors, Mr Justus ole Tipis, the powerful Security and Defence Minister and accepted the resignation of Central Bank Governor, Mr Philip Ndegwa who has been criticised for the bank's handling of a foreign exchange scandal, Reuter reports from Nairobi.

Mr Tipis upset the US embassy on Monday by supporting the detention of two American human rights activists on. He is to take the less influential position of planning minister

Taiwan protests curbed

BY BOB KING IN TAIPEI

AFTER MONTHS of fractious debate, Taiwan's ruling Nationalist Party has resorted to its overwhelming mandate in the parliament and passed a controversial bill governing gatherings and demonstrations.

The bill has been in the making since last July, when the Government repealed nearly four decades of martial law, thus legalising street demonstrations and protests – but not saying what constituted an illegal gathering or even what areas are fair game for protests.

The Democratic Progressive Party, which was formed more than a year ago despite prohibitions then operating against new political parties under martial law, has naturally pushed for as liberal limits as possible under the new law. The DPP reasons that it might have to organise such rallies to counter the Nationalists' overwhelming majority in both houses of parliament if it wants to bring its case to the people.

Despite various holding actions, which included filibusters and the occasional parliamentary punch-up, and several concessions by the Nationalists, DPP members walked out in protest during the bill's final reading.

Issues yield to personalities in Philippines poll

Richard Gourlay in Manila reports on next week's local elections which have attracted some odd candidates and sparked some strange alliances

PAUSING on the local election campaign trail last week in the humble home of one of the party faithful, mayoral candidate Ricky Yabut leant forward, Coke in hand, and whispered: "Don't drink the water."

Then, skipping over his father's failure in 14 years as mayor of Makati to provide parts of Manila's premier district with drinkable water, Mr Yabut energetically returned to shaking hands, kissing babies and promising to carry on his deceased father's good work.

"It's all to do with recall," the 27-year-old playboy said, explaining how he is largely depending on his father's name. "That is why I wear his ten-gallon hat."

Such are local politics in the Philippines that despite having no record of public service – and no job other than "adviser" to his father while the older Yabut ran Makati like the strongarm longshoreman's leader he was - the pundits say Ricky Yabut stands a fair chance of being elected.

He has plenty of company as an unlikely candidate. Sons of notorious fathers, mothers of former warlords, beauty queens, coup leaders and singers are just some of the cast of characters running for the 73 governorships and 18,000 local posts on January 18.

The elections complete the return of democratic institutions after 14 years of dictatorship under President Ferdinand Marcos which ended in February 1986. The interim period, in which appointed officers-in-charge have run local government, has been dominated by parties forming, splitting and merging along confusingly similar political lines.

But issues are as little in evidence in these elections as the "sobriety and respect for the democratic process" for which President Corazon Aquino has called.

"There are no issues in a local fight," explains Mr Paul Aquino, who heads the Lakas ng Bansa, a party in Mrs Aquino's rainbow coalition of eight parties. "It's all about personalities."

One of the most controversial and colourful candidates is Col Rodolfo Aguinaldo, who is running for governor of the northern province of Cagayan. He has found both fame and notoriety.

Fame came in February 1986 when he played a key role in the military revolt against Mr Marcos that sparked a civilian uprising and sent the first family into exile in Hawaii. Notoriety came last August when he tried to do the same to President Aquino during a coup which only narrowly failed to trigger a wider military revolt that would have toppled the Government.

Not only is he running for governor, but Vice-President Salvador Laurel's Unido party has endorsed his candidacy.

Such supping with the devil is just one example of the extraordinary political pragmatism being displayed by the emerging parties.

On Cebu island, the PDP-Laban party headed by Mr Jose Cojuangco, Mrs Aquino's brother, is backing a notorious warlord who in presidential elections in 1986 successfully delivered Mr Marcos more votes in the town of Danao than there are people, let alone voters. Mr Ramon Durano still runs Danao like a personal fiefdom.

The PDP-Laban has also adopted General Jaime Echevarria, who took part in a failed coup 19 months ago in which Mr Marcos's running mate, Mr Arturo Tolentino, pronounced himself President.

The Aquino administration has comprehensively forgotten former political differences in the scramble for party building in Mr Marcos's former province of Ilocos. There, at least five staunch Marcos politicians from his New Society Movement party – which manufactured a zero vote for Mrs Aquino in one town in the 1986 elections – are running under the umbrella of the administration's coalition parties.

"In certain areas there is simply no-one else," explained Mr Aquino. The official justification for adopting old-style and sometimes tarnished politicians is that it will break up concentrations of Marcos loyalist support which still worry the administration. But the coalition parties have been heavily criticised for abandoning principles in the quest for a political power base and returning to "traditional Filipino politics."

This is most evident in election violence. With less than a week left before the elections, 24 candidates and more than 60 campaign workers have been killed.

Just before campaigning last week in Makati, Ricky Yabut joined three of the town's key eight candidates in signing a "peace-pact" for the election period. It came only hours after someone had thrown a bomb at the house of one of his candidates for councillor, killing a campaign worker. None of the signatories thinks the pact will be worth more than the paper it is written on.

As election day looms, the Commission on Elections has postponed polling in 10 provinces and expects to do the same in two more.

AMERICAN NEWS

Arms scandal throws Bush on defensive

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

VICE-PRESIDENT George Bush has been thrown on to the defensive in his campaign for the Republican Party's Presidential nomination by questions about his role in the Iran/Contra arms for hostages scandal last year.

Last Thursday, on the eve of the first full-scale debate among the Republican candidates in Iowa, which on February 8 sees the first real test of American voters' perceptions of the 13 candidates from the Republican and Democratic parties, the Washington Post published an analysis of what is known about Mr Bush's involvement in the scandal.

Although the report contained no startling revelations, Mr Bush found himself hounded in spite of his efforts to put the issue to rest by challenging reporters to put to him any questions which they believe he has failed to answer.

Mr Bush's efforts, which have included an attack on the Iowa newspaper, Des Moines Register, and an attempt to make an issue out of Senator Robert Dole's wealth, his wife's finances and campaign ethics seem to have failed.

On Monday, Mr Bush's involvement in Iran/Contra was again on the evening television news programmes. During the day Mr Bush had spent four hours responding to questions on Iran/Contra under oath. Following the meeting Mr Bush's spokesman said that "all questions were answered completely, fully under oath".

While it is evident that most Americans are no longer interested in the Iran/Contra scandal, it is still potentially damaging to Mr Bush. His public position has been that he had reservations about arms sales to Iran but learned belatedly about many details.

Rivals for the Republican nomination such as General Alexander Haig point out that, if he did not know, how could he claim to have been a "co-pilot" at the controls of the Reagan Administration. Alternatively, if he had reservations why, if he was so influential, did he not express them strongly in the way Mr Caspar Weinberger, then Defence Secretary, and Mr George Shultz, Secretary of State did in late 1985 and early 1986.

Quebec retains the key to Canada's federal election

David Owen on the province's waning but still powerful influence

THE INFLUENCE of Quebec, Canada's only predominantly French-speaking province, is widely perceived to be one the decline.

Montreal, while once again prospering under the Liberal stewardship of Mr Robert Bourassa, has lost its long-running duel with Toronto for the title of the country's undisputed financial and commercial hub. And the separatist (or "sovereignty-association") movement, though still alive and kicking, has become increasingly sotto voce since losing Mr Rene Levesque's fateful 1980 referendum.

But in the area of federal politics, the province – which has produced, in Messrs Pierre Trudeau and Brian Mulroney, Prime Ministers who have wielded power in Ottawa for all but one of the past 20 years – remains very much the focus of attention.

In a nutshell, Quebec, which accounts for more than one in four of the seats in Parliament – is widely expected to hold the key to the next general election (due to be called by September 1989).

For more than 20 years after Mr Lester Pearson ended Mr John Diefenbaker's six-year spell as Prime Minister in 1963, Quebec, initially in the throes of the profound transformation wrought by Mr Jean Lesage's *revolution tranquille*, was regarded as a federal Liberal Party fiefdom.

In the seven elections between Mr Pearson's win and Mr Trudeau's final victory in 1980, the Liberals secured a total of 416 Quebec seats against just 28 for the Tories. Even when Mr Joe Clark's Conservatives briefly broke Mr Trudeau's stranglehold on power in 1979, they returned only two Quebec MPs. In the run-up to Mr Mulroney's landslide 1984 victory, the declaration that without Quebec the Conservatives would remain forever in opposition acquired the status of a theme song, according to his former press secretary, Mr Michel Gratton.

In the event, Mr Mulroney's emphatic win dramatically reshaped the political landscape. Suddenly, 58 of 75 Quebec MPs sported Tory blue. Today, Liberal Party strategists prefer to dub Quebec "the most fickle electorate in the western world".

As speculation mounts that 1988 may be election year in Canada, all three main parties are confident of impressive results in the province.

Quebec Liberal Robert Bourassa, left, and Brian Mulroney

The Conservatives base their hopes of a repeat performance both on Mr Mulroney's local boy image (he is beyond doubt more proficient in French than either of his principal rivals) and bona fide policy issues such as the US-Canada free trade agreement and the Meech Lake constitutional accord. The latter promises to bring Quebec into the federal constitution rejected by the Parti Quebecois in 1982. Both initiatives have garnered widespread support in the province.

"Quebec and the west and fight for the rest will be the strategy," forecasts Mr Bill Fox, an Ottawa-based political consultant. "Quebec is very much a favourite son kind of a place," he adds.

For their part, the Liberals are hoping to cash in on the endorsement of the Meech Lake accord by their leader, Mr John Turner, at the cost of a deep rift in the party which has traditionally stood for centralised government.

They also expect to benefit from the dynamic of running in a hard-fought three-cornered contest rather than a toe-to-toe slugging match with the Tories. The widespread Liberal bedrock vote, they reason, should be enough to win back many seats lost to Mr Mulroney in 1984, assuming a stronger showing from the left-of-centre New Democratic Party. "If the NDP does two-thirds as well in Quebec as the polls say it is doing, you will have a tight three-horse race," believes one prominent Liberal Party adviser.

Of course, it is these same opinion polls which have been giving the NDP and its popular leader, Mr Ed Broadbent, cause to expect a much improved performance in Quebec. Until now, the party has never in its 54-year history won so much as a solitary seat in the province.

Between May and September last year, the NDP was consistently polling more than 40 per cent of decided Quebecois voters, including much of the anti-Liberal protest vote which went to the Tories in 1984. However, the party received a setback in October when Mr Robert Toupin, a former Tory who crossed the floor to become its first ever Quebec MP in December 1986, again defected to sit as an independent following a bitter row over his allegations of Communist infiltration in the party's provincial network.

A December poll put NDP support in the province as low as 28 per cent – an indication that its new-found popularity in Francophone Canada may well have peaked. Conservative support was also estimated at 28 per cent, leaving the Liberals, all of a sudden, with a commanding lead in the province with 43 per cent of decided voters.

Quebec has voted for the party winning the most parliamentary seats in no fewer than 11 of the past 14 elections – a record which it shares with Ontario, the most populous and hence best-represented province. This time around, the number of Quebec seats which the Tories manage to hang on to may well determine whether they remain in power.

Trident deal spoils US navy competition drive

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

THE US drive to introduce competition into defence procurement has failed at the top end of weapons sophistication with the award of the contract for the 15th US Trident nuclear missile submarine going to General Dynamics, maker of the previous 14, and at a higher price.

The US Navy, which has led the other two armed services in competitive procurement in recent years, finally succeeded in November in persuading Newport News, the Virginia shipyard, into bidding against the Electric Boat division of GD.

But the navy has now rejected the Newport News bid, and awarded the 15th Trident contract to GD for $644m, $29m more than its contract for the 14th boat. The navy claims design changes and inflation account for the contract price rise, but it is clear the competition from Newport News was never very real.

Though the Virginia shipyard has the US monopoly on making nuclear aircraft carriers and already competes with GD on Los Angeles-class nuclear powered submarines, it said it needed to add $85m to the price for tooling up to make Tridents.

By contrast, in the UK the cost of building Tridents is common down. VSEL, the Barrow-based monopoly maker of UK submarines, is further down "the learning curve" than GD. From experience gained in building the first UK Trident submarine, the Vanguard, for around £460m, VSEL negotiated with the UK Defence Ministry a contract of around £425m last October for the second boat, the Victorious.

Peronists finally select leader

BY OUR BUENOS AIRES CORRESPONDENT

PERONISM, still Argentina's largest political force despite its unprecedented electoral defeat four years ago, finally believes it has found a new leader.

After years of indecisive and sometimes dangerous wrangling, the Peronists have plumped for the logical choice, Mr Antonio Cafiero, the governor of Buenos Aires province.

The appointment of Mr Cafiero as head of the Peronist National Council and party president has prompted hopes that Argentina's main opposition movement has come out of a long wilderness when it was without an undisputed leader.

The Peronists have been drifting in all directions since their founder, General Juan Domingo Peron, died during his third term as Argentina's elected president in 1974. Mr Cafiero's elevation has confirmed suggestions that he will be the Peronists' probable candidate for president at elections in 1989.

But before he can challenge President Raul Alfonsin's ruling Radical Party, Mr Cafiero will have to assert his authority on a Peronist movement plagued by bizarre and at times brutal feuding between shifting alliances of ill-defined factions. This will not be easy. Mr Cafiero is not universally liked within the movement.

As one of several economy ministers under the Peronist government which ruled Argentina amid mounting political violence for less than three years until it was toppled by the military in 1976, Mr Cafiero tried to introduce a gradual shift to free market policies. The experiment still rankles with some of the authoritarian labour barons, who control most of Argentina's unions, and much of the right wing of Peronism.

Already, the union bosses appear to have given Mr Cafiero a rap over the knuckles after his clumsy start as Buenos Aires governor last month. Weeks after taking office, he announced that 3,000 provincial employees taken on to the payroll by the outgoing Radical Party administration were being fired.

He ran up against the unions and in an embarrassing climb-down said each case would be reviewed.

A team led by Mr Juan Sourrouille, Argentina's Economy Minister, arrived in Washington yesterday apparently hoping to win help from the US on debt payments, writes our Buenos Aires Correspondent.

The team, including Mr Mario Brodersohn, Treasury Secretary, and Mr Jose Luis Machinea, central bank president, would hold talks with the International Monetary Fund and senior US officials, Argentinian government spokesmen said.

According to an official source, exploratory talks with Mr James Baker, US Treasury Secretary, and Mr Alan Greenspan, head of the Federal Reserve, would focus on a reduction in interest rates and the possibility of the US Treasury organising a $500m bridge loan.

Surinam picks civilian president

A CIVILIAN was elected president of Surinam by the National Assembly yesterday, paving the way for a return to democracy after seven years of military rule, Reuter reports from Paramaribo.

The 51-member National Assembly elected Mr Ramsewak Shankar, a 50-year-old former Agriculture Minister, as president for a five-year term, the official Surinam News Agency (SNA) said. Mr Henck Arron, a former Prime Minister, was elected vice-president.

Mr Shankar, whose inauguration is scheduled for January 25, will replace military leader Mr Desi Bouterse as head of government. Mr Bouterse seized power in the former Dutch colony in a 1980 coup.

Mr Shankar, an East Indian by ancestry, was nominated for the presidency by a three-party opposition coalition which won 40 of the Assembly's 51 seats in last November's general elections.

One senior diplomat said: "There won't be a complete overhaul of the political structure overnight."

Brazil plays down loan interest row

BY IVO DAWNAY IN RIO DE JANEIRO

THE potentially damaging row between Brazil and its bank creditors over the schedule for resuming 1988 loan interest payments stemmed from a genuine "double reading" of November's interim agreement, a Brazilian Finance Ministry official said yesterday.

Brazil had always intended to resume normal payments only after terms of rescheduling for 1988 and 1989 had been agreed. The official timetable for this was within the current month, and involved only a short delay. Bankers say it could take well into next month.

Further, Brazil had calculated that 60 per cent of the financing for debt interest falling after January 1 would have to come from new money.

The dispute centres on interpretation of an interim agreement aimed at lifting Brazil's 10-month moratorium on bank debt interest payments. While the main financial provisions of the accord up to December 31 appear to have been achieved, foreign banks claim Brazil failed to meet a commitment to resume interest payments on 1988 debt from January 1.

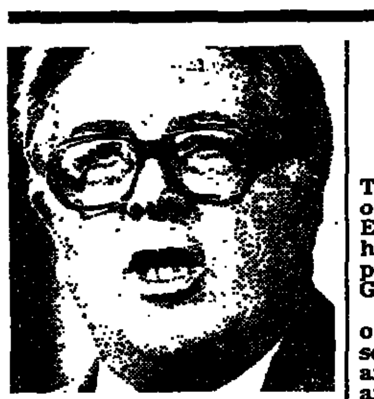
Emphasising Brazilian goodwill in the talks that were due to open formally yesterday after a 24-hour delay, the Finance Ministry official expressed confidence that the issue could be rapidly resolved.

Some commentators reported that Mr Fernando Milliet, the central bank president and chief Brazilian negotiator, was already prepared to back down in order to resume normal interest payments forthwith.

Mr Milliet left for the US confirming only that a full agreement on rescheduling 1988-89 debt could be reached "within a reasonably rapid timescale".

According to an unconfirmed report, he added that there was no danger of US bank regulators re-classifying the country's debt as "value impaired" as Brazil was no longer conditioning the resumption of 1988 payments on a long-term rescheduling agreement.

WORLD TRADE NEWS



Howe: fares too high

Japan may lower air fares

By Ian Rodger in Tokyo

THE JAPANESE government is considering lowering airfares for international commercial flights originating in Japan.

The move came as Sir Geoffrey Howe, the British Foreign Secretary, was complaining in a speech in Tokyo that airfares between Japan and Europe were far too high.

"It is absurd that it costs almost twice as much per mile to fly from Tokyo to London as from Tokyo to New York, and around six times as much as from London to New York," Sir Geoffrey said in a speech to the Japan National Press Club.

Mr Shintaro Ishihara, Japan's Transport Minister, said yesterday he had instructed his officials to study fare cuts.

The opportunity arose because existing fares were set when the dollar was much stronger against the yen. For example, round trip fares for flights between Japan and the West coast of the US are based on an exchange rate of Y166 to the dollar while those to the East coast are based on a rate of Y177 to the dollar.

Japan Air Lines said yesterday that JAL had proposed a number of cheap fares to Europe last year, for young people, for spouses and other groups, and they were accepted by every European country except the UK.

Reuter adds from Tokyo: Sir Geoffrey called on Japan to take on a greater world role and to match its new economic strength by opening its markets more to foreign goods.

In a luncheon speech he said co-ordination between Japan and Western European countries on economic matters was vital, particularly with the rising value of the yen.

Crown Agents to administer part of Japanese aid

BY IAN RODGER IN TOKYO

THE Crown Agents, purveyors of goods and services to old English colonies for decades, have acquired a new and unexpected client – the Japanese Government.

They are to administer part of the $500m, three-year aid scheme for sub-Saharan Africa and other very poor countries announced by Japan last year as part of a large boost to its aid spending.

Normally, Japan, like other important donor countries, would administer its own aid schemes, but in the case of the sub-Saharan grant plan, the first Japanese scheme not to involve project finance, the Government decided to enlist the help of others, including the Crown Agents because of its established expertise in procurement of goods for developing countries.

Japanese officials point out that grant schemes are the most difficult to administer, especially this sort which is intended to help countries buy necessities, such as industrial raw materials, rather than carry out specific projects. There was a big scandal in Japan two years ago over misdirection of aid funds to the Philippines.

Until now Japan's aid effort has concentrated on Asia. It has only limited experience in Africa.

Also, although the country's aid budget is rising rapidly, the number of personnel to administer it has not. "We concluded that we had to use external resources," says Mr Takao Kawakami, Deputy Director General of the Foreign Ministry's Economic Co-operation Bureau (ECB).

The ECB turned naturally to the United Nations Development Problem Office of Projects Executions (UNDPOPE), and it will be doing some of the procurement and auditing for the scheme. But a Japanese trading company official also suggested using the Crown Agents.

Initial contact was made with the Crown Agents' Kobe office last year and, after a couple of missions between London and Tokyo, a deal was reached under which the Agents will manage somewhat more than half the $150m to be spent in the current fiscal year.

The way the programme works is that the recipient countries first agree with the Japanese authorities on a shopping list. Then the Crown Agents or the UNDPOPE carry out the purchases, which can be made from any industrial or third world country. The Japanese, who have been criticised for using their aid programme to boost their own exports, are very proud of the fact that this scheme is totally untied.

The agents will also arrange for delivery and checking that the goods have arrived.

Formally, they will be hired by the recipient country, but this is only a device to avoid the Japanese having to go through their own excessive red tape. The recipient countries for the current year are Kenya, Zambia, Tanzania, Zimbabwe, Ivory Coast, Ghana, Somalia, Malawi, Sudan, Niger and Uganda.

The first donations, of Y3.5bn ($27.3m) to Kenya and Zambia and Y2.5bn ($19.5m) to Tanzania, are expected to be on the way within a few weeks, the rest by the end of March.

The Japanese are hoping that the scale of the programme will be enough to overcome the critics who in the past have complained about the small size of its aid programme.

The $500m scheme is in addition to a $20bn loan programme for the more advanced developing countries also announced last year.

Peter Montagnon in London adds: The Crown Agents yesterday said they were "flattered and gratified" by the Japanese approach. Though they have administered aid programmes before for other countries, including Sweden, Norway and Ireland, this is the largest such commitment yet.

A special unit has been set up to handle the business for which Crown Agents will charge a small fee intended to cover costs and produce, as required by statute, a real rate of return.

Hanoi announces liberal foreign investment code

VIETNAM has announced a liberal foreign investment code to try to attract capital and technical expertise from Western nations, **agencies report from Bangkok.**

The Council of State promulgated the law on January 1 after the National Assembly adopted it on December 29, the official Vietnam News Agency said in a report monitored in Bangkok yesterday.

The rules permit wholly foreign-owned companies to be set up. They also allow foreign companies to have up to 99 per cent stakes in joint ventures with Vietnamese firms.

They allow foreigners to be managing directors of companies, permit repatriation of profits and capital and promise that no venture with foreign capital will be nationalised. Mr Vo Dong Giang, chairman of the State Commission for External Economic Relations, was quoted as saying in Hanoi that the law ensured "safety of property, effectiveness in business management, and high profit."

Mr Giang said the government will issue a series of documents to ensure the code's principles of equality and mutual benefit. He said a single authority will handle foreign investment and create favorable conditions for investors.

The government will work out other agreements on investment from socialist countries and Vietnamese living overseas.

The 42-article code, published by the Vietnamese news agency, caps a year of reforms under Mr Nguyen Van Linh, general secretary of the Communist Party.

Istanbul invites tender for third bridge

BY JIM BODGENER IN ANKARA

The city of Istanbul municipality has invited tenders at short notice on a "build-operate-transfer" basis for a contract valued at about $300m to build a third bridge across the Bosporus. Companies have until February 8 to prepare complex technical and financing offers.

The UK's Trafalgar House with the local Enka Construction Industry appears to be strongly placed to win the contract. This contrasts with spring 1985, when Trafalgar House subsidiary Cleveland Bridge Engineering lost the second bridge and associated motorways to a consortium of Japanese, Italian and local companies. The company built the first bridge in the 1970s.

Japanese soft financing behind the winning bid for the second bridge aroused UK allegations of unfair and predatory tendering, although the award was made to the lowest price.

Now it seems that the UK government is determined not to let the third bridge slip out of its grasp.

Mrs Margaret Thatcher, the British Prime Minister will visit Turkey in the first half of 1988, possibly in April, and is expected to lobby hard for the contract.

Faced with the strength of UK political and financial backing behind the Trafalgar bid, the Japanese may choose not to risk a second battle-royal. Instead, they may seek to participate through subcontracts, say Ankara diplomats.

Bids from rival UK-led groups cannot be ruled out, nor from West Germany. However, Trafalgar House has been actively pursuing the contract for more than 18 months, and has submitted several studies to the municipality.

The BOT method was chosen by the municipality in order to relieve foreign debt servicing pressure. Construction financing will be paid off from toll revenues by an operating venture set up by the successful bidder.

Plans for the construction of a submerged tube crossing of the Bosporus, which was to have been packaged with the third bridge in a massive BOT project, have been shelved, possibly for up to a year.

The Turkish government says it will seek BOT offers as much as possible in future for development projects to cut back on capital spending.

Municipalities will also be directed to cut their budgets severely, according to a package of measures framed by State Minister Yusuf Bozkurt Ozal, the premier's brother, who has been assigned overall responsibility for the economy following the November 29 general elections.

Thatcher: backing

China may go for joint military ventures

By Robert Thomson in Peking

A RARE appearance by senior Chinese military officials at a briefing for foreign companies in Peking yesterday highlighted the willingness of China's previously secretive defence industry to engage in joint production of military hardware.

The chief of the Chinese navy's electronics department, Guan Weile, produced an equipment shopping list, including an early warning system and equipment used in the detection of low-noise submarines, sea-skimming missiles, and mines.

A shadowy Chinese corporation, Poly Technologies Incorporated, the equipment shopfront for the Chinese armed forces, was also represented yesterday and will co-host a seminar on naval technology in June.

US congressmen have alleged that Poly Technologies has been responsible for the sale of the controversial silkworm anti-ship missiles to Iran.

Guan Weile admitted that Chinese equipment is still "a bit backward," particularly in military electronics. "Comparatively speaking, there is a gap between our systems and those of the advanced countries, and we obviously acknowledge that electronics plays an important role in modern warfare. We have learnt some lessons from recent local wars," he said.

Other officials indicated that China is very keen to establish joint ventures or co-produce technology with foreign companies.

The Chinese navy is particularly in need of new equipment, according to Tong Mingcheng, the director of the navy's science and technology department.

Sri Lanka prawn project a success for Unilever

BY MERVYN DE SILVA IN COLOMBO

A THREE-YEAR experimental acquaculture project has proved such a success that it will be used as a model for similar projects around the world by the Anglo-Dutch conglomerate Unilever, says the new chairman of Levers (Ceylon), Mr John Kempster.

The research and development effort, he says, has been more than justified by the export of 250 tons of tiger prawns to Japan. It is planned to double production this year.

The Rupees 46m (£836,000) income from prawn exports enabled the company to pass its 1987 export target of Rupees 100m. Exports last year earned Rupees 116m.

The company's other main export item is glycerine. Exports to India in 1987 earned Rupees 70m. Levers (Ceylon) also sells industrial fats to Saudi Arabia, and soap, toothpaste and other items to the Maldives.

Australia and US agree on trade strategy

BY CHRIS SHERWELL IN SYDNEY

THE US and Australia showed broad agreement on strategy but acknowledged differences over tactics yesterday when they held ministerial talks in Canberra on trade issues.

The talks were the first of their type between the two sides, and involved a three-hour meeting between Mr Clayton Yeutter, the US Trade Representative, and Australia's three ministers with trade responsibilities, Mr Bill Hayden, Mr John Kerin and Mr Michael Duffy.

Australia, a major protagonist in the campaign by "fair-trading" agricultural countries to end distorting farm subsidies, said it backed a US push for a mid-term review this year on progress in the Uruguay Round of trade negotiations under the General Agreement on Tariffs and Trade.

Australia also said it welcomed bilateral trade agreements, such as the recent free trade pact concluded between the US and Canada, provided their provisions did not exclude third parties. Australia has its own pact with New Zealand, and in its view such pacts are "trade expansionary."

Tactical differences appeared on the US's aggressive use of subsidies under its Export Enhancement Programme which, though aimed at securing reform in the European Community farm policies, hurt Australian agricultural interests in the process.

Mr Yeutter is understood to have assured Australia that in its dealings with Japan over beef trade it would not reach agreements with Tokyo at Australia's expense.

The US is threatening to take its case to the Gatt if it does not secure from Japan the abolition of all quotas on its beef exports when its current agreement expires in March.

Mr Yeutter is also believed to have underscored the Reagan Administration's determination to punish countries employing unfair trading practices. In this context the Administration has recently complained strongly about the surpluses of Asian exporting countries like Hong Kong, Taiwan and South Korea.

On a lighter note, the American team is reported to have complained about some Australian agricultural "protection" – a recent ban on smokeless tobacco because of the health risks from its use. The US is a major supplier of chewing tobacco.

EC acts against China bicycles

The European Commission said yesterday that it has imposed a provisional anti-dumping duty on imported bicyle chains made by the Chinese company China National Light Industrial Products and that it has re-opened a three year old inquiry into the case, **Tim Dickson reports from Brussels.**

The action follows the receipt of evidence in Brussels that the Chinese manufacturer had not been keeping to a price commitment given after an inquiry in 1984 established that dumping was taking place.

Burton Group's sales and bids under inquiry

BY NIKKI TAIT

BURTON Group, the multiple clothing retailer which takes in the Debenhams department store chain, yesterday announced that Department of Trade and Industry had asked for information concerning acquisitions and disposals made during the past three years.

News of the DTI inquiry was confirmed by Sir Ralph Halpern, Burton's flamboyant chairman, at the company's annual meeting in London yesterday.

Rumours of *DTI* interest in Burton's affairs, particularly in its successful £560m bid battle for Debenhams in 1986, have circulated in the City for over a year.

Sir Ralph told the 800-odd shareholders present at the meeting that the request had been made under section 447 of the Companies Act. This allows the requisition of whatever books and papers the officials may require.

"We understand that many companies are asked for information in this way each year," added Sir Ralph. "Such inquiries – which the DTI does not announce however – are, of course, confidential and very *different to a formal, publicly* announced investigation of a company's affairs by outside inspectors appointed by the DTI under wholly separate provisions of the Companies Act."

The DTI itself would make no comment on the Burton inquiry, nor, indeed, confirm its existance. It did, however, add that it makes around 130 inquiries a year under section 447, and that are usually complete within a matter of weeks.

The resulting evidence can be used in anything from criminal proceedings and insider trading matters, to winding-up provisions or to assist the Bank of England.

In his statement to the meeting, Sir Ralph said that there had been no suggestion by the DTI that these inquiries implied any criticism of the Burton Group or any of its directors of executives. The company, he continued, had supplied all the information requested.

After the hour-long meeting, Burton declined to elaborate on the nature of the DTI's interest or to say whether it related to the Debenhams bid. In that instance, Burton clinched *victory at the eleventh hour* – after a 7.7 per cent stake in Debenhams held by Sir Philip Harris, of Harris Queensway, *and Mr Gerald Ronson of Heron* International, was finally pledged in favour of the Burton bid.

More employers offering profit–linked pay deals

BY PHILIP BASSETT, LABOUR EDITOR

PROFIT-RELATED pay schemes registered with the Inland Revenue now cover more than 70,000 employees, Mr Peter Brooke, the Paymaster General, said yesterday.

The final two months of the year saw a sharp rise in the *number of companies* setting up profit-related pay schemes. However, the increase, described by Mr Brooke as encouraging, leaves the number of companies operating such schemes still relatively low.

Ministers hope that profit-related pay schemes, under which 50 per cent of such payments attract tax relief up to a fixed limit, will help introduce greater pay flexibility in the labour market.

The number of schemes registered with the Inland Revenue stood at 430 by the beginning of this year, compared with 146 two months previously, Mr Brooke told a conference in London.

Payments under these schemes are expected to amount to about 7.5 per cent of pay in the first year.

Mr Brooke said the Government expected 1988 to be "a year of growth" for PRP, which would mean "radical change in the antiquated system of pay negotiation throughout Britain."

Given the relative complexity of the PRP legislation, and the expected inexperience of professional advisers in this new field, the Government found the number of registered schemes encouraging.

Concession for nurses in pay dispute

By David Brindle and Peter Riddell

THE GOVERNMENT yesterday backed away from a confrontation with Britain's nurses when it withdrew plans to replace their varying unsocial hours payments with a flat-rate premium of £1.20 an hour.

The move came as nurses in several parts of the country threatened to copy the strike last week by 37 staff at a hospital in Manchester, north west England. The strike *had attracted* widespread publicity.

Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, to which all 37 strikers belong, said last night: "It is a shameful state of affairs that nurses were forced to put their own professional reputation on the line before the Government was prepared to back down."

The decision to abandon *the pay plan* was announced on the last day for negotiating an agreement before the plan could be submitted to the nurses' pay review body for possible implementation later this year.

The Government will now ask the review body to consider the issue of nurses' *pay as a whole*.

The existing "special duty payment" rates for working on Sundays, bank holidays and at night will be assessed alongside salary rates for the profession's proposed revised grading structure.

Under pressure from the nursing unions, ministers had already dropped their earlier insistence that submission of the grading structure to the review body would be conditional on agreement on the £1.20 special duty rate.

They had, however, *insisted on continuing* negotiations on the proposal.

The unions believed the aim was to help finance the revised structure, which is designed to provide greater rewards for qualified nurses, by cutting the £465m a year cost of the special duty payments.

French seek British union help over Tunnel project

BY PAUL BETTS IN PARIS AND JIMMY BURNS

FRANCE'S pro-communist union, the Confederation Generale du Travail is seeking the support of the TGWU transport union, Britain's largest union, to strengthen its negotiating position with the Anglo-French consortium building the Channel Tunnel.

CGT officials have written to Mr Ron Todd, general secretary the TGWU, *suggesting that the* two unions should intensify consultations with a meeting in London later this month.

They also want a series of exchange visits on both sides of the Channel to compare labour conditions at the two sites where work is most advanced.

The meeting between the unions scheduled for later this month is likely to add a new political dimension to growing union co-operation over the Channel project.

The CGT which claims to represent the majority of the more than 500 construction workers employed on the Sangatte site, near Calais, says that UK work*ers on the project enjoy better* industrial relations, pay and conditions than their French counterparts.

The CGT says French work*ers recruited by Transmanche* Link at Sangatte are being paid 20 per cent less than they have earned on other construction projects in the area.

They also complain that the union does not have a proper voice in discussing health and safety matters.

The TGWU, which claims to represent a majority of more than 1,000 workers in construction work at Shakespeare Cliff, near Dover, and at the Isle of Grain, is covered by the provisions of a national civil engineering agreement.

TGWU officials say that the agreement has generally proved satisfactory by ensuring that union officials have a large say in local negotiations.

Relations between the CGT and Transmanche Link have been fraught for the past six months.

Sangatte was blocked by pickets for several days last month in the second of two protest strikes over pay and conditions at the site.

The CGT has traditionally been strong in the Calais area, where the mayor is a member of the Communist Party, and *where there have been labour* confrontations as a result of coal mines and steel plants.

Mr George Henderson, a TGWU official and chairman of the Trades Union Congress transport committee, said last week that his union supported the CGT's wish for closer liaison.

However, British trade unions do not always favour a common front on the grounds that industrial relations remain peculiar to each country.

French end of the tunnel takes shape at Sangatte

Euromoney trims operations

BY DAVID WALLER AND ALEXANDER NICOLL

EUROMONEY Publications, the financial magazine, newsletter and conference company, has made 35 of its 210 employees redundant in response to depressed conditions in world financial markets.

It blamed the move on a severe contraction in advertising revenue since the markets crashed in October last year, saying that advertisers in the international banking community had cut promotional expenditure.

Mr Padraic Fallon, Euromoney's managing director, said: "The world has changed since Black Monday. Our advertisers on Wall Street and in the City of London have been hard hit."

*A key factor was the Euro*bond markets, where there has been a progressive decline in activity. New bond issues fell 22 per cent last year, from the *record $183bn in 1986 to* $143bn.

Euromoney Publications, founded in 1969 by Sir Patrick Sergeant, then City editor of the Daily Mail, grew rapidly in line with the level of activity in the Eurobond markets.

The boom in Euromoney magazine's business reached its peak with the September 1987 issue when it ran to 492 pages, plus 10 additional surveys published with the magazine. The December issue had only 188 pages and two surveys.

Growth was reflected in the company's turnover – which rose from £9.8m in 1984 to £25.96m last year – and in the level of staffing, which doubled during 1987.

Mr Fallon said that production and support staff bore the brunt of the redundancies. The company's London office shed 28 employees, New York 7.

Euromoney, the shares of which were listed on the Luxembourg Stock Exchange in June 1986, is 79 per cent owned by Associated Newspapers Holdings, publishers of the Daily Mail and Mail on Sunday.

Jewish holidays enforced at Canary Wharf development

BY JOHN SPECK

EMPLOYEES working on the Canary Wharf construction project in London's docklands are all to observe a Jewish working week and holidays – regardless of whether or not they are Jewish.

The Transport and General Workers' Union said yesterday that under an agreement it has reached with the Jewish-controlled Olympia and York property developers, employees on the £3bn development will not work on Saturdays or during 13 other Jewish holidays.

A clause recognising Jewish holidays forbids all work at the Canary Wharf site between "one hour before sunset on Friday and one hour after sundown on Saturday."

Though this clause is always inserted by the Canadian company in the contracts of all workers they employ, it is unusual for a UK labour relations agreement. The company is controlled by three brothers – Albert, Paul and Ralph Reichmann, who are devout orthodox Jews.

As well as Jewish holidays, workers will still get time off at Christmas, Easter and other traditional bank holidays. Their total holiday entitlement will be considerably higher than average for the construction industry.

Civil engineers employed by Olympia and York sub-contractors have already been told that if they break the ban on working on Jewish holy days, it might lead to the cancellation of their contracts.

Olympia and York, founded in Toronto in the early 1950s, has always employed workers on the understanding that they will not work on Jewish religious days.

In London, the company declined to comment on the agreement at Canary Wharf, but its Canadian office said: "Employees are happy with the policy because they get Jewish holidays and statutory holidays."

The company is understood to have reached deals for Jewish holidays with the TGWU, the construction union Ucatt, and the EETPU electricians' union. The TGWU welcomed the agreement because it fitted in with the TGWU's campaign for a shorter working year.

Value of Norwest Holst put at half buy–out cost

BY CLAY HARRIS

NORWEST HOLST, the civil engineer and contractor, is to receive a £7.5m cash injection in a transaction which values the group at less than half the price for which it was bought by its managers in April 1986.

B&C Ventures, the development capital subsidiary of British & Commonwealth Holdings, the financial services and industrial group, is to receive a 35 per cent interest in Norwest Holst in return for its subscription.

This values the whole of Norwest Holst at £21.4m, compared with the £45m buy-out price.

The deal underlines the heavy debt burden faced by highly leveraged management buy-outs. Norwest Holst management put up only £300,000 of the initial purchase price; the rest was supported by bank lending.

Mr Peter Mason, managing director, said that interest costs had wiped out all but £200,000 of the group's £6.9m operating profits in the year to March 1987. In the year to March 1988, interest is expected to cost £4.7m, compared with forecast operating profits of £7.5m.

After the injection, bank loans will have been reduced to less than £10m. The balance had also been cut by property disposals and by the investment of £15m in preference shares and loan stock by the Norwest Holst pension scheme.

The pension fund's investment amounts to 30 per cent of its total assets and will give employees a 20 per cent stake in the company. Excluding the investment in the company's own shares, the pension fund remains substantially in actuarial surplus in spite of a "holiday" on the company's contributions.

The 45 per cent stake not held by B&C Ventures or the pension fund is split between the original management equity investors and bank lenders. Norwest Holst plans to seek a stock market flotation after its 1988-89 results.

High-tech foam orders expected to increase

BY ALICE RAWSTHORN

BEAVERCO, one the largest foam manufacturers in the UK, plans to create 100 jobs to increase production of high-technology foam for the furniture industry after the announcement of the Government's new regulations on furniture flammability.

The company has been manufacturing its Safeguard foam for use in the contract furniture sector in relatively small quantities since September.

After the Government's decision to ban the use of standard and high-density foam in furniture from the end of February next year, it expects a big demand for combustion-modified, high-resilience foam from the domestic furniture industry.

Initially, Beaverco will convert part of its existing production plant in Alfreton, Derbyshire, to make the foam. It also plans to open plants to increase capacity. Mr Terence Keely, finance director, said the company was looking for suitable sites.

Beaverco employs 400 people in its Beaverfoam subsidiary. According to Mr Keely, the company plans to recruit up to an extra 100 over the next few months, enabling it to meet demand.

Other leading foam producers are preparing to increase production of combustion-modified foam. All have experienced a sudden rush of interest from domestic furniture manufacturers since the furore over furniture flammability began.

Dunlopillo, part of the BTR group, is considering how to increase production of its Carefoam DX. It has been manufacturing the foam at its factory in Hirwaun, South Wales, since last spring. Dunlopillo plans to increase its output of Carefoam by the summer.

Over the past year British Vita has invested £250,000 in modifying its established foam plant in Manchester to produce combustion-modified foam. By early March it should be able to turn a quarter of its capacity over to the new foam.

Mr David Hine, chairman of Vitafoam, said the company had created 50 jobs over the past two months in response to demand. He described the level of interest from the furniture makers yesterday – the day after the government announcement – as "quite unbelievable."

Reform of ITV profit levy cost Treasury £19m

BY RAYMOND SNODDY

GOVERNMENT reform of the system of profits levy paid by Britain's independent television companies cost the Treasury £19m in its first year of operation, the National Audit Office said yesterday.

The changes, which cut the rate of levy on UK profits of ITV companies from 66.7 per cent to 45 per cent and introduced a levy of 22.5 per cent on overseas profits for the first time, were designed primarily to make ITV more cost-conscious and be "revenue neutral" – to raise the same amount of tax on a given level of profit.

The NAO said in a report that in the first year of the new system, introduced in April 1986, the ITV companies paid £63m in levy compared with the £82m they would have paid under the old tax regime.

The report suggests that the Home Office did not carry out enough detailed analysis on the trends in television profits and that as a result "there is a significant risk that over the first few years [of the new system] the yield will be substantially less than it would otherwise have been."

The NAO, the independent body that audits the accounts of government departments, says the Home Office would have had to have set a domestic levy of 59 per cent to produce the same amount of money as before.

The levy changes made were based on a period when overseas profits were rising and domestic profits were depressed.

Independent Broadcasting Authority: Additional Payments By Programme Contractors, Report of the Comptroller and Auditor General.

Every trick in the book for Next's mail order

By Maggie Urry

NEVER HAS a mail order catalogue been launched with such fuss. Next – the high street retailer that took over Grattan, the mail order business, 18 months ago – launches its "home shopping directory" today.

The directory is Next's attempt to "break the mould" of traditional mail order retailing. Perhaps that was behind the selection of the venue for yesterday's press conference – the traditional-looking old library reconstructed within the brash new Lloyd's building in the City.

There Mr George Davies, Next's chairman and chief executive, his deputy Mr David Jones, and a cast of other characters put on a show that ranged from comedy to striptease.

The tone was scornful when the subject of traditional mail order companies was broached. The market is worth £3.6bn a year, said Mr Jones, a mere 6 per cent of non-food retail sales, although 9m UK homes, nearly 40 per cent of the total, have a catalogue.

Slapstick was the next turn. "Traditional mail order companies' packages arrive like this" was the cue for a man in a grubby coat to appear carrying a brown paper sack which he dumped on a table.

Someone called Frances then arrived to unwrap the parcel which contained a man's suit, shirt, socks, shoes, and tie. Enter Steve, a size 40 regular wearing jungle-patterned boxer shorts and a sheepish grin.

Steve dressed while Frances exclaimed: "This suit is 100 per cent polyester with nylon linings and pockets, and no knee linings." Mr Davies, himself not quite the epitome of style, his double-breasted suit being a little baggy in the leg, could not resist joining in. "It has the rubbed look even before you put it on," he laughed.

Next Directory deliveries, for which the customer will pay £2.50 an order, will be brought by couriers at a time specified by the customer on any day of the week. Normally it will take 48 hours from the order being phoned in.

Again this was demonstrated with relish. The couriers entered bearing parcels wrapped in black and red paper, with suits and dresses arriving on hangers. The paper was removed to reveal boxes, in turn opened to show tissue-wrapped goods.

Steve made his second entrance and put on the Next suit, made of pure new wool, which was a better fit than the anonymous polyester one.

Frances then led another maths lesson. The polyester suit, she reckoned, would have cost £29.50 to manufacture. The Next suit cost £53.20 to make. The first was priced at £90 and Next's at £110.

The catalogue itself made an appearance, too. Next has printed 500,000 of these 350-page books at a cost of between £9.50 and £10 each. The standard 1,000-page catalogue from the likes of Great Universal Stores or Littlewoods costs only £4 to produce. Next customers will be charged £3 for their directories.

So far, requests for 120,000 copies have been received, even before the official launch.

Next has invested £25m in the start-up, of which £10m is in stock. It expects to make sales of £20m-£25m from the first catalogue, and £40m-£45m from the second which will come out in six months. The second catalogue should break into profit, making around £4m. Thereafter margins should head for 10 per cent, says Mr Davies.

As the audience filed out, Mr Davies could be seen posing for photographers with three telephone receivers in each hand. "I'll do anything for publicity," he muttered. So, it seems, will Steve.

Clay Harris and Nikki Tait on the significance of a DTI probe into a retail group

Burton investigation clothed in secrecy

WHEN BURTON Group, the retailer headed by Sir Ralph Halpern, was approached last year by investigators from the Department of Trade and Industry, that fact alone was not unusual. What is more unusual is that the existence of the inquiry has been confirmed.

Each week, the DTI launches an average of more than two inquiries such as that at Burton under Section 447 of the 1985 Companies Act. This gives the Trade and Industry Secretary wide discretion, "if he thinks there is good reason to do so," to authorise the department's internal investigators to demand that documents be produced and questions concerning them be answered.

Unlike the DTI's continuing inquiry at Guinness, to which external inspectors were appointed under the more narrowly focused Section 432, which centres on suspicion of intent to defraud, misfeasance or misconduct, Section 447 investigations are not announced by the Government.

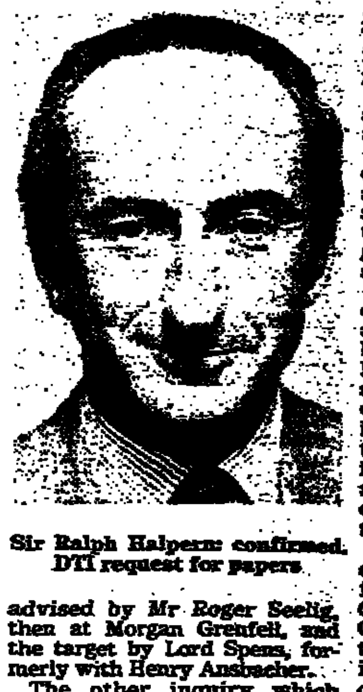
Indeed, few come to light except through press stories like those yesterday which conveniently coincided with Burton's annual general meeting. The DTI's secrecy was unmoved by Sir Ralph's public confirmation that Burton had been asked to produce papers relating to all its acquisitions over the past three years.

The DTI was unwilling to confirm the authenticity of a published letter, authorising four investigators to demand documents under Section 447, much less to discuss whether any internal probe was underway to see if the DTI was the source of the story.

Section 447 investigations comprise by far the bulk of the inquiries launched by the DTI. In the year to March 1987, the then secretary, Mr Paul Channon, approved 139 of the 613 applications for investigation made by department officials. Of these, 130 were under Section 447.

This total was a reasonable guide to the number of inquiries in the current year, the DTI indicated. The investigations normally are completed quickly, within a matter of weeks.

Only two other Section 447 inquiries have come to light in recent months. One was into retailer Next concerning its agreed takeover of Grattan, the mail-order catalogue company – in which the bidder was advised by Mr Roger Seelig, then at Morgan Grenfell, and the target by Lord Spens, formerly with Henry Ansbacher.



Sir Ralph Halpern: confirmed DTI request for papers

The other inquiry which emerged was into AE, the former motor components company, concerning an unsuccessful defence against takeover by Turner & Newall, the engineering and building materials group.

In neither case has the DTI or any other public body brought any official action so far.

As far as Burton itself is concerned, comment is inevitably scant. Sir Ralph's statement to shareholders appeared to imply that the inquiries at the retail group should be seen in a slightly wider context.

"There has been much talk over the last year about the authorities' interest in takeover bids made in 1985 and 1986," he said. "In common, it would seem, with a number of other companies who were involved in takeovers during this period, the DTI has asked . . . for information about acquisitions and disposals of assets and companies over a period of three years."

A good deal of that talk, of course, has come as a spin-off from revelations concerning Guinness' bid for Distillers Group in 1986, both in relation to pending criminal charges and in the wider context of takeover methods.

Both the DTI and Burton decline to elaborate on which papers have been requested, or what subject matter concerns the Government. During that period, however, Burton was involved in only one big acquisition – the contested £560m takeover of Debenhams which it finally won in early August 1985.

Victory was an eleventh-hour affair, after stakes built up by Mr Gerald Ronson of Heron International and Sir Philip Harris of Harris Queensway – and amounting to 7.7 per cent of Debenhams shares – were finally pledged in Burton's favour.

The DTI says that Section 447 investigations can be used in connection with subsequent criminal proceedings, including insider trading charges, or winding-up petitions, or passed on – if relevant under the Banking Act – to the Bank of England.

However, when this does happen, the existence of the original probe is not officially revealed.

The mere existence of an investigation does not give any cause to jump to any conclusions about a company either to assume that there is fire behind the DTI's smoke or to dismiss the probe as a routine procedure.

Spending on US acquisitions 'doubled'

BY RALPH ATKINS

DOLLAR SPENDING by British companies on US acquisitions more than doubled last year, according to a survey by J.P. Mervis & Co, the corporate finance adviser.

The number of US businesses bought by British companies increased for the 11th successive year in 1987. A total of $29.2bn (£16bn) was spent buying 314 companies, compared with $13.9bn for 229 companies in 1986.

The survey says the sharp rise reflects the shortage of investment opportunities in the UK to absorb large cash flows in companies. British buyers are perceived favourably in the US, while the development of banking skills and the globalisation of markets has forged strong links across the Atlantic.

However, it warns that 1988 will not see unchecked growth continuing as companies adopt a more cautious attitude after the stock market crash. About a third of the finance for 1987 acquisitions was raised through share issues, with the rest paid in cash.

The survey analyses the performance of US acquisitions made in 1982. It concludes that about 70 per cent were "demonstrably successful" – compared with an 80 per cent success rate achieved by 1981 acquisitions.

Failed acquisitions tended to be concentrated in natural resources, property and industrial service companies. Among categories with a 100 per cent success rate were building and consumer products, paper, packaging and publishing.

The largest number of acquisitions in 1987 was in the financial and corporate services sector which also includes advertising. In terms of dollar spending the league table was headed by natural resources, although the category was distorted by the $7.56bn acquisition of Sohio by British Petroleum.

The number of US businesses sold by British companies also increased strongly in 1987, the survey reports. A total of 63 businesses were sold compared with 33 in 1986.

Survey of acquisitions and divestments in the USA by British companies with an evaluation of the success of acquisitions made in 1982. J.P. Mervis & Co, 61 Doughty Street, London, WC1N 2NH. £150.

1987 TOP ACQUISITIONS BY SIZE

	UK acquirer	US acquisition	Price $m
1	British Petroleum	Sohio	7,560.0
2	Hanson Trust	Kidde	1,700.0
3	ICI	Stauffer	1,690.0
4	ConsGold	Newmont	1,550.0
5	Blue Arrow	Manpower	1,320.0
6	Grand Metropolitan	Heublein	1,200.0
7	National Westminster	First Jersey	820.0
8	Hawley Group	ADT	715.0
9	Ferranti	Int. Signal & Control	695.0
10	Thorn EMI	Rent-a-Center	593.9
11	Pilkington	Visioncare	574.0
12	WPP	JWT Group	566.0
13	Guinness	Schenley	480.0
14	Valor	Yale & NuTone	460.0
15	Dixons	Cyclops	384.0
16	Smiths Industries	Lear Siegler division	350.0
17	TI Group	John Crane Houdaille	310.0
18	J.Sainsbury	Shaws Supermarkets	261.0
19	General Electric	Gilbarco	250.0
20	ConsGold	American Aggregates	242.3
21	Siebe	Barber Colman	227.5
22	Bowater Industries	Rexham	226.0
23	BTR	Stewart Warner	222.0
24	General Electric	Astronics (Lear Siegler div.)	205.0
25	Ratners	Sterling	203.0
26	City and Foreign	Alexander Proudfoot	200.0
27	Saatchi & Saatchi	Peterson	184.5
28	Maxwell Communications	Diversified Printing	162.0
29	William Collins	Harper & Row	156.0
30	Courtaulds	Porter Paints	140.0

Source: J P Mervis & Co

School core assessment plan set out

By Michael Dixon, Education Correspondent

IT WILL take at least five years to set up the Government's proposed system for assessing children's progress in the new national school curriculum, says the task group advising on the assessment system in a report published yesterday.

The report confirms that children are to be assessed at the age of seven years as well as at 11, 14 and 16. However, it recommends that account be taken of teachers' judgments in addition to standardised tests' results.

All tests should be carefully designed on the basis of professionally agreed benchmarks of what children should know, understand and be able to do in a range of basic subjects appropriate to their particular age.

Wherever possible, the tests should consist of tasks aligned to the subjects pupils are being taught, rather than solely pencil-and-paper exercises of the type used in the former 11-plus examination.

The report says that if the assessment procedures are well designed they are likely to prove motivating to children. "Many pupils seem to need short-term objectives which are clear and which they perceive to be attainable."

The task group is led by Professor Paul Black of King's College, London.

It emphasises that assessment procedures should be aimed primarily at discovering each child's particular learning needs, so enabling teachers to decide where pupils need extra help either to catch up or to maintain above-average progress.

Individual children's performances would be reported only on a need-to-know basis to themselves, their parents and their teachers.

The report says setting up the assessment system will require extra spending, not yet quantified, for teacher-training and development of tests.

It emphasises that "the strategy will fail if teachers do not come to have confidence in, and commitment to, the new system as a positive part of their teaching."

Report of task group on assessment and testing. Department of Education and Science Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ. Free.

Police offer rewards to combat violent crime

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

A SCHEME that will pay rewards to people giving the Metropolitan Police confidential information about serious and violent crime was launched yesterday with government support.

The project, called Crimestoppers, will focus on a particular crime each week which will receive publicity via London press and broadcasting networks.

Members of the public will be encouraged to call a Freephone telephone number if they have information on this or any other violent crime. Rewards of between £50 and £500 in cases leading to arrests will be paid confidentially through the Community Action Trust, a charity.

Mr Peter Imbert, Metropolitan Police Commissioner, said yesterday he regarded the scheme as a significant initiative in the fight against crime.

He accepted that there could be no substitute for the citizen who was willing to come forward and testify, but said it was necessary to recognise "certain bleak realities". Some people, for instance those living in high-crime areas who feared reprisals or the associates or families of criminals, were unlikely to come forward in the normal way.

"With the Crimestoppers project we will try to enlist these people in our cause, whatever their private motives may be. We shall offer anonymity and CAT will award modest cash rewards for information which helps us to make an arrest."

Mr Douglas Hurd, the Home Secretary, supporting the scheme, said it would help to tackle head-on the most damaging area of violent crime.

Investcorp buys jeweller

BY CHRISTOPHER PARKES

INVESTCORP, the Bahrain-based investment bank, has bought the Chaumet jewellery shop in Bond Street, London, for about £3.5m.

The shop's inventory of high-class jewellery and watches accounted for about half the purchase price.

Administrators from Price Waterhouse, the accountancy firm, had been running the business since June, when its Parisian parent was declared bankrupt and the French company's principal directors were arrested on fraud charges.

Investcorp, which has a substantial stake in Tiffany's of New York, bought the Chaumet parent and its Breguet watch business last July in a deal that included $12m cash and a percentage of future sales.

It is now believed to be considering a bid for the Chaumet business in New York.

Mr Dipankar Ghosh, one of the administrators, said Investcorp's bid for Chaumet's London operations was the highest of several offers.

Goodyear to expand tyre output

By John Griffiths

GOODYEAR GREAT Britain, the UK subsidiary of Goodyear, the US tyre maker, is to recruit 286 production employees, who will work only at weekends, and to invest £10m in expanding tyre output at its Wolverhampton, West Midlands, factory.

The extra jobs will be partly offset by up to 40 redundancies that might arise from the decision to end inner-tube production in the face of heavy continental European competition.

The expansion is the second in 18 months for Goodyear Great Britain. The company employs nearly 3,700 people at the Wolverhampton plant and a further 2,000 in tyre distribution and other non-manufacturing activities.

In mid-1986 it recruited 374 weekend workers and invested £20m to increase truck-tyre output.

Its latest move is part of a continuing recovery by the UK tyre industry in the past two to three years after savage cuts in the workforce and capacity in the late 1970s and early 1980s.

The Wolverhampton plant itself was technically bankrupt in 1980 and nearly closed. The recovery has been helped by a sharp rise in UK vehicle production.

Of the £10m, £900,000 is being provided by the Trade and Industry Department under selective regional aid programmes.

Turbulence seen in car market

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

THE MOTOR TRADE might again suffer because of disorderly marketing practices in the second half of the year and in 1989 as competition toughens in the new car market, according to a report released today by the Economist Intelligence Unit.

The study warns that a return to the discounting battle that was raging in the market less than two years ago would have "disastrous implications for margins" and "the high level of profitability which many in the motor trade have enjoyed over the past year could disappear".

The report, The UK Passenger Car Market: 1988 Edition, says the disorderly UK car market of recent years can be traced to the dogfight between Ford, Rover Group and General Motors (Vauxhall).

It suggests that the conditions for disorderly marketing will develop as demand begins to weaken from last year's record level, and as Vauxhall's new Cavalier, due to be launched this year, begins to challenge Ford's current supremacy in the mid-range of the market.

The EIU's forecast of 1.95m new car sales in 1987 has already been overtaken by official statistics published last week, which showed booming sales surging to a record level for the third successive year and exceeding 2m for the first time.

Demand was continuing high at the end of the year with December sales at their highest level for that month since 1971.

The EIU forecasts a fall in new car sales to 1.85m this year and a further drop to 1.75m in 1989 before demand begins to strengthen again in the early 1990s, rising again to 2m in 1992.

The UK car market is one of the most fiercely contested and is likely to be on the receiving end of diverse new suppliers, it says.

The UK Passenger Car Market: 1988 edition. Economist Intelligence Unit, 40 Duke Street, London W1A 1DW. £125.

Economic 'transformation' criticised

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

A GROUP of leading academic economists yesterday delivered a sceptical assessment of the Government's claim that Britain's economic performance has been transformed during the 1980s.

In a series of studies of developments in the economy since 1970, the economists conclude that there have been only improvements in performance during the 1980s.

Increased competition, deregulation, and more flexible labour markets have brought gains for the supply side of the economy. That in turn contributed to the recent surge in productivity growth and output per head which, although consistently below the average of other industrial countries during the 1970s, has since 1980 been higher.

Overall, however, the economists conclude that Britain's record remains disappointing and that the Government's fiscal and monetary policies frequently lacked coherence.

Unemployment remained well above the average of Britain's main industrial rivals, the Government had failed to exploit the huge economic windfall provided by North Sea oil, and the recent pace of gains in productivity was unlikely to be sustained.

Analyses of the Government's fiscal and monetary policies also showed that these – along with the more long-standing problem of excessive wage demands – had made a significant contribution to exacerbating the 1980-81 recession.

The studies are edited by Mr Rudiger Dornbusch, professor of economics at the Massachusetts Institute of Technology, and Mr Richard Layard, professor of economics at the London School of Economics.

Mr Dornbusch said the recent buoyancy of the economy had to be measured against the "heavy costs" inflicted by the Government in its first term.

The Performance of the British Economy, Oxford University Press, £9.95.

Public finances healthy, revenue analysis shows

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE HEALTHY state of public finances resulting from growth in the economy, increases in earnings and higher taxes on industry was underlined yesterday by the official analysis of government revenues.

The Inland Revenue's 1987 statistical abstract also shows how cuts in income tax rates have had little effect on the overall burden of taxation. The reductions have been financed partly by a natural rise in its receipts as earnings have outpaced inflation and partly by a rise in tax on industry.

Since the present Government took office, the share of Inland Revenue receipts accounted for by corporation tax has jumped from 16 per cent to 24 per cent. Most of that increase has come since 1984, reflecting buoyant profits and the phasing out of investment allowances.

The share of receipts accounted for by income tax has fallen from 78 per cent to 67 per cent but receipts have none the less risen substantially in real terms. Individuals have also faced an increase in indirect taxation, largely through the doubling of VAT rates.

Smaller taxes such as stamp duty are also contributing to the rising level of receipts flowing into the Exchequer. In the current financial year, stamp duties are expected to yield £2.1bn, nearly twice as much as two years earlier.

The Treasury expects the buoyancy of overall tax receipts to continue.

Inland Revenue Statistics 1987. HMSO. £10.95.

James Capel analyst moves to head OEM

By David Waller

MR DOUGLAS HAWKINS, an investment analyst, has left his position as head of research into the electronics sector at stockbroker James Capel to become managing director of Office and Electronic Machines, a typewriter and office equipment distributor.

Mr Hawkins said yesterday that his parting from James Capel was amicable. His appointment is part of a boardroom shuffle at the loss-making OEM, where five former directors have resigned this week. Management control is now in the hands of Mr Hawkins and Mr Allen Mills, appointed chairman last summer.

OEM, the sole distributor for Triumph Adler office equipment, last month reported pre-tax losses of £42,000 for the first half of 1987 compared with profits of £1.1m for the first half of 1986. Last June, it was obliged to restate its 1986 figures after it rescued a customer company. As a result, a profit of £911,000 was downgraded to a loss of £439,000.

News of Mr Hawkins' arrival prompted OEM's shares to gain 38p to close at 143p yesterday.

All-night TV network across country planned

BY RAYMOND SNODDY

THREE NETWORK independent television companies – Central Independent Television, Granada and Yorkshire – are to join up to launch an all-night television network which could bring 24-hour-a-day television to almost all the UK.

Television 24 hours a day is available only in the London area, where it was launched last year by the two London ITV companies Thames Television and London Weekend Television.

The three companies, each of which has its own, limited, night-time service, have now decided to launch their own combined service.

That could be broadcast by the further six ITV companies that have expressed interest – Scottish, Grampian, Ulster, Border, Tyne Tees and Television South West.

The three majors would assemble the service mainly, to begin with, but the longer-term aim is that programmes would be bought from smaller ITV companies and independent producers.

The aim is to launch the non-metropolitan night network in the middle of next month to coincide with the launch of all-night television on Channel 4.

The spread of 24-hour television to most of the UK will make it economically feasible for Independent Television News to provide a full, round-the-clock service of on-the-hour bulletins through the night.

A special one-hour news programme from 5am to 6am is also planned, with the last 15 minutes likely to be devoted to financial and business news.

The spread of all-night television would increase its attractiveness to advertisers. Audiences are small, particularly after 3am, but night-time television has proved a cost-effective way of reaching young adults.

However, the new service will create an unusual north-south divide in commercial television.

Anglia Television broadcasts all through the night by taking programmes from both Thames and LWT and augmenting them with its own material. Television South also takes night-time programmes from the London ITV stations.

The use of night hours is seen as politically important for the ITV companies.

They hope to prevent the Government putting a national commercial night-time service out to tender when ITV franchises expire in 1990 and before the three-year extension takes effect.

The BBC steered clear of night-time television but examined the possibility of specialist services delivered overnight to video recorders.

Du Pont to invest £20m in Ulster site

By Our Belfast Correspondent

DU PONT UK, the US-owned chemical company, yesterday announced details of a £20m investment at its factory in Northern Ireland.

It is to build a high-technology plant for production of chlorine and caustic soda at its Maydown complex in Londonderry. The investment will maintain the company's competitiveness in international markets and help to safeguard the jobs of the 1,100-strong workforce.

Work on the factory will start later this year with production due to begin in June 1990.

The plant will produce chlorine for use in the on-site manufacture of Du Pont's Neoprene chloroprene rubber and Hypalon chlorosulphonated polyethylene. It will also make caustic soda for the Neoprene, Hypalon and Kevlar para-aramid fibre.

The £45m Kevlar plant will come on stream later this year with an initial annual capacity of 7,000 tonnes. The factory will be designed to comply with all current and anticipated environmental regulations.

Maggie Urry shows how UK mills can give producers a valuable foothold in the EC

Paper sales that mask a crucial turnround

AT FIRST glance, it might seem an alarming prospect for the UK's paper and board industry. Unilever's sale of its last remaining UK paper business, Thames Board, to Iggesund, the Swedish paper group, just before Christmas, points to increasing foreign control and a further rise in the already significant level of foreign investment.

As one industry observer puts it: "Of the 60 paper and board producers in Britain, a good third are owned at least 50 per cent by foreign interests and in tonnage terms they control considerably more than a third of the market."

UK paper makers, however, are far from alarmed. On the contrary, they argue that greater foreign interest demonstrates the British industry's revival over the last five years after a much longer period of decline. It also allows companies such as Unilever, which do not regard paper as a core business, to sell their mills at a reasonable price.

In common with the paper industry around the world, economic growth in the UK has allowed both volumes and prices to rise in what has always been a cyclical business. At the same time, the sterling exchange rate has been more favourable for UK producers.

It is widely felt to be better for the industry, and for the 800 employees at Thames Board's plant in Workington, Cumbria, making high-quality duplex carton board, for it to be owned by a group prepared to make the continuing investment required in such a capital-intensive business.

Mr David Clark, of the European Paper Institute, believes that the sale of Thames Board illustrates the growing internationalisation of the paper industry. "Of the top 50 pulp and paper companies in the world there are not many Europeans, mainly North Americans and Japanese. The Europeans are trying to get into the world league."

He points to a series of recent investments made in the UK by foreign companies, mainly Scandinavian or North American, such as the expansion of Finnish-owned United Paper Mills' newsprint mill at Shotton, in Clwyd, the building of a paper mill at Irvine in Scotland by Kymmene-Stromberg, also of Finland, and the reopening of the newsprint mill at Bridgewater on Merseyside by Consolidated Bathurst of Canada.

There are a number of reasons why foreign companies are keen to build or buy UK mills. In the past they have often been motivated by the desire to find an outlet for the pulp or basic products such as kraftliner – the brown paper that goes into corrugated cardboard – produced in their own country.

By owning production within the EC, such companies can avoid any restrictions on exporting from their home countries to EC members, and reduce the currency complications. The UK is an easier country for foreigners to invest in than some others in the EC.

The Scandinavian companies are eager to get a foothold within the EC, feeling constrained by their own small markets and limited raw material supplies. Iggesund exports nine tenths of its production.

Mr Joergen Nordin, Iggesund's managing director, says: "It is more or less impossible to increase pulp production in Sweden. We have reached our limit, which is one reason why we were interested to buy Thames Board."

> 'If foreigners take over some companies, that is better than being starved of capital'

Sir Jonathan Benn, chief executive of Reed International's European Paper Group, says the availability of home-grown timber in the UK is of particular interest to the Scandinavians. They are using up their forests almost as fast as they can be replanted.

The other reason for Iggesund's interest in Thames Board, says Mr Nordin, is that there is "a perfect strategic fit between Iggesund and Thames Board. We are both in the high-quality sector and Thames Board's paperboard is complementary to our products. We will offer our customers a better service through a broader range, more efficiently produced."

He believes that as part of Iggesund, the Thames Board plant will be able to earn a higher return on the hefty investment Unilever made in it.

Mr Richard Brewster, chief executive of David S. Smith, a British paper company that has been expanding rapidly, says: "Paper mills are always capital-intensive but not always profitable." He believes mills can become high returning businesses too, and has achieved a 25 per cent minimum return on most of David S. Smith's plants.

Mr Tom Wilding, chairman of Bowater UK Paper, the business bought out from Bowater Industries by its management, said: "The UK is now a place to make paper and that has been recognised by the foreigners. It is gratifying to know we have reached the stage where we are expanding.

"The British paper industry needs a lot of capital spent on it – if some British companies achieve that by being taken over by foreigners it is better than being starved of capital."

Wiggins Teape, part of BAT Industries, has also recently sold two businesses to a foreign company, this time a US group, James River. Mr John Worlidge, chairman of Wiggins Teape, said that the two – making drawing-office and photographic paper – were sold because the group could not invest sufficient capital in those businesses as well as its other interests.

Mr Worlidge says: "The important thing is that the buying company see a greater opportunity than the seller. James River is very committed to expand the businesses it has taken over."

He admits that he is in no position to condemn foreign ownership within the paper industry, since Wiggins Teape has made a number of acquisitions abroad and sees the moves in the context of a single European market rather than a number of national ones.

Thus it may prove more beneficial for the paper industry as a whole if the fact that investment is being made and producing a good return is seen as more important than the nationality of the company making it. "Is ownership important?" asks Mr Clark. "Does it matter where the shareholders are when there is a greater international market in finance?"

Schools 'fulfil key role in leadership'

BY MICHAEL SKAPINKER

MOST OF Britain's managers acquired their interest in management when they were in their teens or early twenties, suggesting that schools and colleges have a key role to play in encouraging young people to aspire to leadership roles in industry, according to a survey published yesterday.

The survey of 3,000 managers, published by the British Institute of Management, found that 35 per cent of those questioned became interested in a management career when they were children or teenagers. A similar percentage were in their early twenties when they decided to become managers.

Mrs Gillian Peppercorn and Mrs Gill Skoulding, who carried out the survey, say that "suggests that the environment around the late teens can play an important role in fostering interest in management."

Last year, in a preliminary report on their survey, Mrs Peppercorn and Mrs Skoulding said that just over half of those managers working in large companies would prefer to work either for themselves or in smaller organisations.

More than a third said they actually intended to leave their large employers during the next five to 10 years. The intention to leave was particularly strong among managers under the age of 35 who held a master's degree in business administration.

By contrast, managers running their own businesses showed a high level of satisfaction. Only 18 per cent said they intended to move on to doing something else.

Yesterday's publication of the survey showed that three out of five managers felt they required training in information technology and top management strategy. Two out of five said they required training in personal communication skills, finance and marketing.

The survey found that there were no differences between male and female managers on issues such as job satisfaction, pay and prospects.

Profile of British Industry – the Manager's View. British Institute of Management, Management House, Cottingham Road, Corby, Northants NN17 1TT. £16 for BIM members. £20 for non-members.

Anti-noise lobby urges Heathrow night closure

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CLOSURE OF London's Heathrow Airport at night, except for emergencies, is urged by the Federation of Heathrow Anti-Noise Groups in its response to Department of Transport proposals for revised night jet quotas from April 1.

The new quotas under discussion would reduce the total of night jet flights at Heathrow from 3,650 to 2,750 in summer (April to October) and from 3,150 to 3,000 in winter (November to March). The revised totals would include more flights by quieter types of jets and fewer by noisier jets.

In its comments to the DoT, the federation argues that although night flights at Heathrow amount to 2 per cent only of total aircraft movements there, they cause much disturbance. It says strong opposition to even the quieter aircraft at night "disproves the aviation claim that they are not a problem."

It points out that Heathrow's traffic is growing at 8 per cent a year, so that 2 per cent represents only three months' growth and could be redistributed throughout the daytime.

"Government must accept that as it has encouraged the world's largest international airport to develop in the suburbs of one of the world's largest capital cities, it has resulted in the world's largest environmental problem," the federation says.

"With about 70,000 people seriously affected by 330,000 flights a year at Heathrow, and some areas at times experiencing 500 overflights a day, the airport should be closed at Night except for emergencies.

"The people who live near Heathrow are submitted to uniquely high levels of pollution throughout the day and are entitled to expect a peaceful night's sleep at the end of it, even if it is for only 6½ hours. To deny them this is unfair and unacceptable."

UK NEWS – DTI WHITE PAPER

Move to stimulate small business

REPORTS BY HAZEL DUFFY

LORD YOUNG, the Trade and Industry Secretary, introduced his White Paper yesterday as "providing the framework for the DTI for the next five years."

It starts from the premise that, although "since 1981 the economy has been transformed," there is still much to achieve. "The enterprise culture and the efficiency and competitiveness of industry and commerce need further encouragement. That is the role of the DTI."

The themes of the white paper are the promotion of open markets and of individual enterprise and initiative. The main policy changes concern business and education, business development, regional policy, competition policy and the use of technology.

Underlying the changes is the need to encourage the expansion of small and medium-sized businesses. That will be done by getting them to use consultants to improve key aspects of their businesses, such as marketing and design.

Grants which were taken up mostly by big companies, such as regional development grant and certain research and technology grants, are abandoned for a more selective approach in the regions, favouring collaboration between companies and with education in research.

Apart from competition policy, the regulatory role of the DTI in the City and consumer affairs remains unchanged.

DTI – The Department for Enterprise; Command 278; HMSO. £5.

Big changes in approach to innovation

CONSIDERABLE changes in innovation policy are proposed and the White Paper discloses the Government's conclusions about what should follow the £350m government-backed programme of information technology research.

The DTI is concerned that UK industry-funded research and development as a proportion of gross domestic product is lower than in competitor countries. The DTI also says the Government should not take on responsibilities for innovation that are primarily those of industry, particularly for developments near to the market.

With that framework, the DTI's aims will be to:

- Give greater emphasis in collaborative programmes to longer-term research between companies and to encourage collaboration between higher education institutions and companies.
- Give more encouragement and facilitation of technology transfer.
- Encourage innovation by small firms, especially in advanced technologies, and in the regions.

The Government has decided not to follow some of the main recommendations made in 1986 by an official committee, known as IT'86, for a new five-year programme of information technology research to follow Alvey, worth £1.05bn, to which public funds would contribute £425m.

In particular, the Government has decided against a specific programme of support for information technology applications, a recommendation that was central to IT'86's recommendations.

However, the white paper emphasises that the UK will be contributing about £200m to the second phase of the European Esprit programme. The white paper also announces a national initiative in information technology research to complement Esprit.

DTI has earmarked £29m over the next three years to this programme and the Science and Engineering Research Council will contribute a further £55m.

The general scheme for providing innovation grant assistance to individual companies will end. Also to finish are the Microelectronics Industry Support Programme, Support for Software Products and the Fibreoptics and Optoelectronics scheme.

The DTI wants to ensure that shareholders and bankers understand the advantages of investment in research and development. The Government is giving its full support to the proposals of the Accounting Standards Committee for the reporting of R&D expenditure in companies' annual accounts.

The financing and encouragement of collaborative research will be pursued through Link, Eureka, national collaborative research programmes, and general industrial projects.

The Government is launching a collaborative research programme into superconductivity (the ability of a material to transmit electricity without meeting any resistance). Five firm proposals for some £7m of industrial collaborative work have already been received, and a further 12 have expressed interest.

Boost for department's satellite office strength

DTI ORGANISATIONAL changes will affect Whitehall and regional levels. The seven regional offices will be strengthened; three extra sub-offices will be set up in the south-east; and about 24 satellite offices will be set up by April, often at chambers of commerce and local enterprise agencies.

Satellite-office enterprise-counsellor teams, including experienced private-sector people, will operate from regional offices.

Outside agencies such as chambers and other regional bodies delivering services to exporters, and which are close to small and medium-sized businesses, could be used by the DTI.

Outside agencies, including local enterprise agencies, chambers and management consultants, may supply an information and signposting service for business development initiatives.

At Whitehall level, sponsor divisions for industrial sectors, dating from the days of the former Department of Industry, will disappear.

The white paper says: "The danger is that 'sponsorship' can give the impression of 'responsibility' for particular sectors of industry. This is misleading and detracts from the message that industry is responsible for its own destiny. At the same time, concentration on individual companies or sectors inhibits DTI from its real role of spreading best business practice."

DTI divisions will cover information technology, materials and manufacturing technology and encouragement of spread and application of such technologies.

Business to be brought closer to education

EDUCATION, and the dissemination of information about best practice, are important themes.

The launch of the Enterprise Initiative is the main response, designed to "provide the most comprehensive self-help package offered to business by Government".

It aims to raise the level of management performance in small and medium-sized businesses and to encourage use of outside consultancy services.

The DTI will normally give half the costs of consultancy projects. It will cover design, marketing, quality management and manufacturing systems.

From April, businesses will also be helped with planning and with the introduction of financial and information systems.

About £50m will be earmarked for the initiative in 1988-89. The initial target is to support 1,000 projects every month. The plan is that £250m will have been spent by 1990-91.

Private-sector contractors, such as the Institute of Marketing, and the Design Council, will act as project managers in the provision of consultants.

Consultancy and advice will be extended to the export services of the DTI.

The aim will be to encourage companies to devise their own approach to exporting and to use the DTI's export services.

The DTI plans to expand its work in bringing business and education closer. The objectives are to enable 10 per cent of teachers every year to have the opportunity to gain personal experience of business and to give every young person two or more weeks of work experience before leaving school.

Corporate merger attitude unchanged

THE GOVERNMENT, reviewing competition policy, opposes radical change in its attitude to corporate mergers, writes David Churchill.

Mergers will still be referred to the Monopolies and Mergers Commission, mainly on grounds of the potentially detrimental effect on UK competition, but the Government will keep the right to refer mergers on other grounds it believes are in the public interest.

The public-interest criteria as set out in the 1974 Fair Trading Act, the basis of the commission's deliberations, remain unchanged.

DTI officials who conducted the review over the past 18 months also acknowledge the commission's progress in speeding up merger inquiries.

Although the commission may be able to save some more time, the Government is looking for further savings to come from other aspects of the procedure, including time taken by the DTI and the Office of Fair Trading.

There are two main changes.

- The most significant change in merger procedures will be a new formal, but voluntary, procedure for giving advance notice of mergers.

Companies are able, at present, to gain informal,confidential advice from the OFT about whether a merger is likely to be referred; legislation will be introduced to formalise the system.

Companies planning a merger or acquisition can submit to the OFT a standard questionnaire.

In simple cases this will be sufficient for the OFT to decide, without further inquiry, that there is no ground for a reference. If so, and if the merger has been publicly announced to enable objections to be made, the merger will be automatically cleared after a four-week period.

In more complicated cases, where the OFT needs more detailed information, the automatic four-week clearance procedure will lapse.

Mergers not prenotified to the OFT will remain liable for a reference to the commission for up to five years.

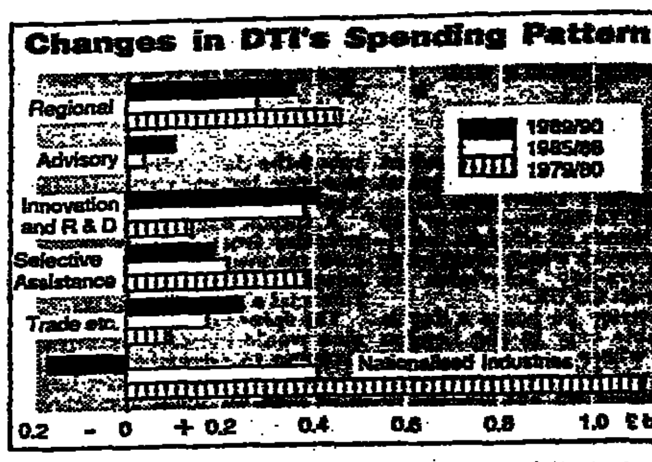
- The second change will be to enable the OFT to accept legally-binding undertakings from companies to divest assets or to change working practices so that the merger would not be detrimental to competition.

Policy seeks to help regions to develop their own potential

THE GOVERNMENT's objective, as set out in 1983 statement on regional policy, is to "encourage the development of indigenous potential within the assisted areas with the long-term objective of self-generating growth in these areas".

It believes that will be achieved more effectively by ensuring that spending will go increasingly to policies that encourage business development in, for instance, improving managerial skills and strategies of businesses.

Accordingly, the regional development grant scheme will be ended on the basis that many of the projects assisted in this way would have gone ahead in any case.



Companies will be able, however, to submit projects for RDG until March 31, 1988. Applications received on or before yesterday, when legislation was introduced to effect the changes, and applications received on or before March 31 in relation to projects started on or before yesterday, will not be affected by the legislation.

Those received from today on projects not yet started will be considered for grant only to the extent that relevant jobs or assets are provided within two years of the application being approved.

Regional selective assistance, whereby companies have to justify that the project would not go ahead without public funds, will continue on the same basis as before. It will be extended to certain inner-city areas that had not previously qualified.

The map of assisted areas – development and intermediate – will not change for the lifetime of this Parliament.

New incentives being introduced include:

- Small and medium-sized businesses (fewer than 500 employees) in the assisted areas, and those inner city areas in the Urban Programme, will receive two thirds of the cost of private sector consultancy (one half elsewhere).
- Small companies (fewer than 25 employees) in development areas can apply for investment grants of 15 per cent towards the costs of fixed assets subject to a maximum grant of £15,000, and innovation grants of 50 per cent to support product and process development subject to a maximum of £25,000.

English Estates is to give priority to a new programme of managed workspace, mainly in inner cities.

Spending on regional assistance will not be cut on planned levels (although it has been running above for the past two years). Provision for 1988-89 is £279m RDG (reflecting the phase-out) and £266m RSA for Great Britain (Ulster comes from a separate budget).

Mixed reaction to grant plans

THE PROPOSED ending of automatic regional development grants received a mixed response yesterday, with the north's development agencies suggesting that Britain's attractiveness to foreign investors was likely to be damaged, write our regional staff.

They fear loss of competitive edge against the Netherlands, France, West Germany, Ireland and Belgium, where similar grants are automatic.

Mr Basil Jeuda, chief executive of Inward, the North-west's agency, said yesterday: "Removal of the absolute certainty that grants will be available will not be helpful to the promotion of the UK overseas."

Dr John Bridge, chief executive of Northern Development Company, which is reponsible for attracting foreign companies into the North-east and Cumbria, said: "It is vital that the new discretionary system is applied as generously as the old, otherwise we will lose international competitiveness."

But the new policy received a guarded welcome from the Scottish Council Development and Industry which represents Scottish businesses, trade unions and local authorities. The council said it agreed with the switch from automatic to selective regional incentives, and approved of the change towards favouring "enterprise rather than narrowly defined industrial development."

It gave a warning, however, that it would be necessary for the Scottish Development Agency to help businesses formulate projects on a large enough scale to ensure that the Government kept to its promised levels of spending.

The Scottish Trade Union Congress said the White Paper represented the Government's abandonment of any commitment to regional policy. The policy "guaranteed that the north-south divide will deepen in coming years."

The Institute of Directors said it welcomed the abolition of automatic regional development grants which in the past often went to large companies while only having a marginal impact in reducing unemployment. Mr John Banham, director general of the Confederation of British Industry, commented: "A sharper, more business like approach to promoting enterprise in Britain will be welcome."

Mr Norman Willis, general secretary of the Trades Union Congress, will be seeking an assurance that support for regional development will not be reduced. Mr Garfield Davies, general secretary of the shop workers' union Usdaw, said the plans were "a vindictive attempt at penalising those regions that do not support this Government."

FT LAW REPORTS

Ship mortgagee's insurance covers non-fortuitous fire

THE ALEXION HOPE
Court of Appeal (Lord Justice Purchas, Lord Justice Lloyd and Lord Justice Nourse): December 18 1987

FIRE ON board can be an "occurrence" and proximate cause of loss to the mortgagee of a ship under a mortgagee's interest policy, though it was started deliberately by the shipowners so that he is unable to claim as assignee of the hull policy. And a condition that his claim as mortgagee only arises if average adjustment has been "passed" and he is "unable to recover" from hull underwriters is satisfied when average adjustment has been issued and the hull underwriters have declined to pay.

The Court of Appeal so held when dismissing an appeal by defendant Mr Norman Philip Compton, a representative of mortgagee insurers, from Mr Justice Staughton's decision *[1986] 2 FTLR 655* on preliminary issues in an action by mortgagee of the Alexion Hope, Schiffshypothekenbank Zu Luebeck AG.

LORD JUSTICE LLOYD said that the case was concerned with a new form of insurance known as mortgagee's interest insurance. The contract was in the Standard SG form, described in 1791 as "absurd and incoherent". The conditions were known as "mortgagee's interest Clause 1", translated from Swedish. Certain words had no plain or ordinary meaning in English.

It was hoped that the Standard SG form would never be used again for a contract of mortgagee interest insurance, and certainly not in combination with mortgagee's interest Clause 1 without at least some explanation as to how they were to be read together.

The facts were that owners of the Alexion Hope insured her hull and machinery with Lloyd's underwriters for $4,750,000. The policy was assigned to Schiffshypothekenbank, mortgagee of the ship. On October 23 1982 a serious fire occurred in the engine room. The owners gave notice of abandonment, claiming the vessel was a constructive total loss.

The mortgagee issued a writ against the hull underwriters. They denied the damage was caused by an insured peril. Alternatively they pleaded it was caused by the shipowners' wilful misconduct. That would afford a complete defence against the mortgagee, since it was suing as assignee of the hull policy. The action was due to be heard as to liability in January 1988.

Meanwhile, on April 25 1985, the mortgagee issued the writ in the present action, claiming that since it was unable to recover from the hull underwriters it was entitled to recover from the insurers under its mortgagee's interest policy.

On the SG form the mortgagee's interest policy covered perils "of the seas...fire, enemies, pirates..." Paragraph 1 of the conditions in the mortgagee's interest Clause 1 provided "This policy has to pay if an occurrence...causes (a) total or constructive total loss...and after...average adjustment having been passed, the assured is unable to recover from the vessel's hull-underwriters".

The insurers denied there had been an "occurrence" within paragraph 1. They said a fire was not an occurrence unless it was fortuitous, and that a fire started deliberately, whether by shipowners or a stranger, was outside the cover.

The first question was whether, on the true construction of the policy, a fire would constitute an occurrence: (i) if fortuitous; (ii) if not fortuitous; (iii) if caused by the shipowners' wilful misconduct.

Mr Justice Staughton held that "occurrence" referred to a peril covered by the hull policy or perhaps the perils specified in the SG form, rather than to any event or happening which caused loss or damage. On any view fire was an insured peril.

He held that "fire" included a fire started deliberately, whether by the shipowners, their crew, or a stranger. He answered parts (i), (ii) and (iii) of the first question in the affirmative. The only qualification he added was if the fire had been started by the mortgagee or with its connivance, which was not suggested.

On the appeal Mr Johnson for the insurers argued that "occurrence" meant an occurrence covered by one of the perils enumerated in the SG form. Mr Steel for the mortgagee argued that it should be given its ordinary meaning, and that the judge was wrong to limit it as he did.

Mr Steel's argument was well-founded. "Occurrence" should be given its ordinary everyday meaning of a happening or event, but one which was not due to ordinary wear or tear, or to the ordinary progression of natural causes.

If that was right, the fire was undoubtedly a happening or event. It was not due to ordinary wear and tear. It was therefore an "occurrence" within the meaning of the policy.

But assuming it was wrong, and assuming that "occurrence" must be read in the light of the perils enumerated in the SG form, one went on to consider the meaning of "fire".

"Fire" in a marine policy was not confined to an accidental or fortuitous fire. It included a fire started deliberately.

In *Slattery v Mance [1962] 1 QB 676* Mr Justice Salmon said that "if the the ship had been set alight by some mischievous person but without the plaintiff's connivance, there can be no doubt that the plaintiff would be able to recover".

He was right to hold that fire in a marine policy was not confined to accidental fire. It included, as a matter of construction, a fire started deliberately by a stranger to the insurance, as the shipowners were in the present case. Fire would be the proximate cause of loss.

Mr Johnson relied on *Samuel v Dumas [1924] AC 431,459* in which the House of Lords held that the loss of a ship by scuttling was not a loss by peril of the sea. Viscount Finlay said "scuttling is not a peril of the sea; it is a peril of the wickedness of man".

Mr Johnson argued that setting fire to the ship also was a loss by the "wickedness of man", and so was irrecoverable.

But Lord Finlay's observation must be read in context. He was dealing with perils of the sea. "Perils of the sea" was defined in rule 7 of the Rules of Construction annexed to the Marine Insurance Act 1906 as referring only to a fortuitous accident or casualty. Lord Finlay did not have in mind intermediate perils like fire which could be caused accidentally or deliberately and were not limited by the definition in rule 7.

In *Halsbury's Laws Vol 25 4th ed para 184* footnote 5 said it was not clear whether the *Samuel v Dumas* principle would be applied where the loss was "by a peril other than a peril of the sea, eg fire".

That doubt should have been resolved by *Slattery v Mance*, at least as to fire caused by the wilful misconduct of a third party.

All parts of the first question were answered in the affirmative, as they were by Mr Justice Staughton, subject to the same qualification.

The second main issue turned on the words in paragraph 1 of Clause 1, "after a final...average adjustment having been passed".

The average adjustment in the present case was prepared at the request of the owners and issued by well-known average adjusters, William Elmslie & Son. Mr Steel argued that the adjustment was "passed" when it was issued. Mr Johnson argued it would only have been passed if it had been accepted by the hull underwriters.

Mr Justice Staughton preferred the latter meaning as being the least unlikely. He said an adjustment could in theory be prepared by untrained or incompetent adjusters and it was unlikely the parties would want to treat it as conclusive.

His Lordship came to the opposite conclusion. "Passed" had no obvious meaning in relation to an average adjustment, and was in any event only a translation from Swedish – perhaps not a very accurate translation.

It simply could not in practice happen that underwriters would accept an average adjustment while denying liability. A construction which gave some practicable meaning to the word was preferable to a meaning which defied commercial common sense.

The provision had the limited purpose of triggering a claim against insurers. The cause of action arose when (i) an average adjustment had been issued, and (ii) hull underwriters declined to pay.

The refusal of hull underwriters to pay after an average adjustment had been issued was conclusive proof as against the mortgagee's interest insurers of the mortgagee's inability to recover from hull underwriters. It would be open to the insurers to challenge the hull underwriters' refusal by continuing the claim against them in the mortgagee's name.

The appeal was dismissed.

Lord Justice Purchas and Lord Justice Nourse gave concurring judgments.

For the insurers: David Johnson QC and Bernard Eder (Hill Dickinson & Co)

For the mortgagee: David Steel QC and Jonathan Gilman (Constant & Constant)

By Rachel Davies
Barrister

APPOINTMENTS

Eagle Star change

Mr Michael Butt, who has been appointed chairman of EAGLE STAR HOLDINGS in addition to his existing responsibilities as chief executive. Mr Butt succeeds Sir Jasper Hollom, who retired at the beginning of the year.

★

A.J.ARCHER & PARTNERS has re-organised its activities, including transfer of the managing agency responsibilities of the partnership to A.J. Archer & Co., the board of which comprises the original partners: **Mr A.J. Archer** (chairman); **Mr G.S.Blacker** (non-executive deputy chairman); **Mr D. Tudor Williams** (joint managing director); **Mr C.M. Burton** (joint managing director); **Mr R.J. Maylam, Mr M.J. Harris, Mr D.C. Dolling-Baker, Mr D.B. Hepworth, Mr M.R. Massie, Mr G.G.R. Knowles, Mr C. Baker, Mr A.A. Pitt,** and **Mr T.A. Braim** (directors). Two new directors are: **Mr I.R. Binney** (non-executive) and **Mr A.E. Bathurst.**

★

Mrs Jenny Hughes has been appointed to the Salisbury regional board of LLOYDS BANK. She is a publisher with Macmillan, where she is personnel director.

★

ST.MODWEN DEVELOPMENTS has appointed **Mr Derek West** as a director with responsibility for pursuing retail opportunities. He was Midlands regional manager.

★

BANKERS TRUST COMPANY has appointed **Mr Andrew Hunter,** vice president, as head of the London-based international services division of the corporate trust and agency group and a member of the group management team. He succeeds **Mr Philip DeFeo.** Mr Hunter was head of administration and operations for Europe, Middle East and Africa in the financial services department.

★

Mr Nicholas Cannon, legal department, and **Mr Christopher Hart,** banking, have been appointed executive directors of SCANDINAVIAN BANK GROUP. Mr Hart is also a member of the banking senior management. **Mr Antoine Khayat** has joined the board of THE PRIVATE CAPITAL GROUP, personal financial management specialist in the Scandinavian Bank Group. He has also become managing director of Private Capital, a company which provides independent advice to those with substantial assets on matters relating to private banking.

★

THE BRITISH LINEN BANK has appointed **Mr Ian Murray,** a divisional director, and **Mr Peter Burt,** a joint general manager of The Bank of Scotland, to its court of directors. Mr Burt's appointment is non-executive.

★

GARTMORE has appointed **Mr Hugh Carroll** as a director of Gartmore Overseas. Based in London, he will be responsible for developing institutional and private investment management business in the Middle East. *He joins from Lloyds Merchant Bank* where he was Middle East director.

★

Mr Girvin Vincent has joined STANDARD CHARTERED BANK as an assistant director to head a new bond trading and sales activity in Australian dollar and New Zealand dollar eurobonds. He was with Orion Royal Bank.

★

Mr Alan McLintock, formerly chairman and senior partner of KMG Thomson McLintock, who has been appointed chairman of SOUTHWARK COMPUTER SERVICES.

★

Mr Stan Kaufman, ALLDERS DEPARTMENT STORES director responsible for buying and merchandising, has been appointed to the newly-created post of director of trading and is promoted to deputy managing director. His role includes marketing and group personnel.

Managing director of Tilbury Group

Mr Michael Bottjer, assistant managing director, will be appointed managing director of TILBURY GROUP on April 8 in succession to **Mr Cedric Brand,** who is retiring. On March 1 Mr **Norman Johnston,** managing director of Hall & Tawse Construction and a director of parent Aberdeen Construction, joins the group as a director, taking over responsibility for the management of the construction division from Mr Bottjer. **Mr John Chittock** has joined the board as finance director in succession to **Mr Peter Maltman** following his early retirement. Mr Chittock joined from Lesser & Sons (Holdings) where he was finance director.

Mr Larry Thomson joins the board as director in charge of buying and merchandising for all household and furnishing merchandise, warehousing and distribution. **Mr George Foster** *becomes director of buying* and merchandising for all fashion departments, as well as taking charge of group catering operations.

★

CROWN FINANCIAL MANAGEMENT has appointed **Mr Peter Nelson** as marketing director from February 1. He will be joining from London and Manchester Group, where he is director and general manager of London and Manchester Assurance Co. **Mr Ray Pickering** has been appointed sales support director of the company appointed representative division. He was with the Sun Alliance Group. **Mr Lou Dziedzic** as information technol;ogy director. He was vice president of information systems worldwide for Crown Life of Canada.

★

Mr John Barker, Mr Richard Citron, Mr Brian Friedman, Mr Martin Israel, Mr Howard Scott and **Mr Phillip Spencer** have been appointed partners at STOY HAYWARD.

★

Ms Tessa Hopkins has been appointed director of public affairs at MERCK SHARP & DOHME. She was on the board of Burson Marsteller.

★

Mr Colin Playle has been appointed director, non-domestic marketing, at BRITISH GAS headquarters, London. He was *director of marketing, north* eastern region.

★

Mr James Rath has been appointed secretary of the ASSOCIATION OF INVESTMENT TRUST COMPANIES. He was assistant secretary and succeeds **Mr Jeremy Sturgess,** who has retired.

★

To concentrate on the long-term plans of M.Y. HOLDINGS, **Mr Paul Marks,** executive chairman and chief executive, has relinquished the post of chief executive to **Mr Robert Campbell,** managing director.

★

Mr Philip Worthington, formerly a consultant with W.Mercer Fraser, has joined the partnership in the Birmingham office of T.G.ARTHUR HARGRAVE, independent consulting actuaries.

★

Mr Patrick McAleenan has been appointed group finance director of EMAP BUSINESS PUBLISHING. He was finance director of Business and Computer Publications, another EMAP publication.

★

Mr Roger Brady, development manager with HENRY BOOT DEVELOPMENTS, has been appointed a director.

★

Mr Richard Aldwinckle has been appointed a director of SCOPE: COMMUNICATIONS MANAGEMENT. He was managing director, Rapport Communications.

★

Dr Tim Cook has been *appointed managing director of* MICROSYSTEM DESIGN, Poole. He was managing director of Oxford Analytical Instruments.

★

Mr Dennis Parker has been appointed underwriting manager of TRADE INDEMNITY.

★

Mr D.K.L. White, chief executive of THE NEW ZEALAND REINSURANCE COMPANY, has been appointed a director of the company and chairman of each of its operating subsidiaries, following the retirement of **Mr R.C. Tucker.**

★

BRITISH RAIL has appointed **Mr Stephen Collof** as director, personnel development. He *joins from International Computers*, where he was vice-president, personnel, of ICL International. He succeeds **Mr John Barker,** who is to retire shortly.

★

Tesco appoints town planner

TESCO has appointed **Mr Geoff Macdonald** as director of town planning, claiming to be the first retail company to establish such a post. Mr Macdonald has been advising the company on the subject for four years.

JOBS

What companies pay for good performance

BY MICHAEL DIXON

HOW MUCH of a premium do employers set on good work? The answer is evidently that, in Britain at least, the price varies considerably with sector of employment.

Some indication of the variances is given by a report the Jobs column has just received on a survey by the PA Personnel Services consultancy of 107 organisations engaged in the current graduate-hunting season. Copies of the study, which was made at the start of November, are obtainable from Bernadette Williams of PA at 60a Knightsbridge, London SW1X 7LE: telephone 01-235 6060, telex 27874.

The organisations covered range from small to grandiose: from under £1m to £2bn-plus in turnover and from fewer than 250 to more than 20,000 employees. Of the 107, nearly two thirds are offering jobs in several parts of the country. The number of degree-winners they are collectively aiming to bag this year works out at about 42 apiece, compared with 39 in 1987.

The average salaries they expect to have to fork out to get them, together with the averages actually paid last year, are shown in the accompanying table which breaks down the organisations by sector of activity.

It also indicates, on the basis of 1987 figures, the variances in the salaries typically paid to two contrasting types of previously recruited graduates. They are the "adequate" worker on the one hand, and the "above-average" performer on the other. The differences between them are shown at three stages: first one year, next three years, then five years after they joined the company.

Within the five-year span all the employers expect to lose a fair number of their imports from the higher education system. Estimates of how many will still be on the initial recruiter's payroll after half a decade range from four fifths in the case of companies in the textiles, clothing and footwear industry, to barely more than half in the distribution and retail business and in food, drink and tobacco.

The sector which sets the lowest percentage premium on above-average over adequate work after five years is construction with 6.8 per cent. Next lowest is the one which pays the highest salaries: oil and gas where the difference between the two types of performers works out at 9.8 per cent.

Thereafter, the premiums range upwards as follows: computers and electronics 13.6 per cent; professional and consultancy services 13.9; engineering (including motor industry) 14.3; manufacturing except engineering 15.9; transport and communication 17.3; banking, insurance etc. 17.6; chemicals and allied 18.1; textiles, clothing and footwear 19.1; food, drink and tobacco 19.5; distribution and retail 19.7; technical and scientific services 21.4; and others 21.8. In overall terms, the premium is 16.2 per cent.

Another thing the survey indicates, by the way, is that a growing number of companies think they can identify above-average performers in advance to the extent of offering a small minority of students special signing-on fees. Such fees were paid, on top of salary of course, by 7 per cent of the 107 organisations last year as against only 2 per cent 12 months previously. The average fee in 1987 was £656, or 6.4 per cent of the overall average salary of £8,657 — which while perhaps not enough to term a "golden hello" is certainly more than a "copper come-hither".

Sector of industry	Average start pay forecast for 1988 £	Average start pay 1987 £	Typical pay progress of adequate and above-average staff: After one year: Adequate £	After one year: Above average £	After three years: Adequate £	After three years: Above average £	After five years: Adequate £	After five years: Above average £
Oil and gas	12,013	11,913	12,531	12,531	19,237	20,703	21,559	23,667
Technical and scientific services	10,325	9,600	10,970	11,890	14,079	17,081	17,471	21,205
Computers and electronics	9,669	9,036	9,923	10,334	12,783	13,947	14,820	16,834
Textiles, clothing and footwear	9,625	9,000	10,853	11,520	13,660	15,440	17,293	20,600
Manufacturing except engineering	9,541	9,015	9,384	10,292	11,514	13,067	13,601	15,767
Chemicals and allied	9,425	8,738	9,354	9,671	11,080	12,071	12,664	14,950
Transport and communications	9,350	8,737	9,286	9,718	12,416	13,500	14,125	16,575
Food, drink and tobacco	9,033	8,474	9,603	10,052	12,562	13,688	15,038	17,963
Engineering (including motor)	9,000	8,599	9,187	9,469	10,750	11,595	12,546	14,342
Banking, insurance etc	8,878	8,327	9,213	9,907	11,173	12,929	14,036	16,491
Distribution and retail	8,580	8,158	8,783	9,175	10,550	12,025	13,508	16,167
Construction	8,270	7,683	8,483	8,683	9,867	10,433	11,275	12,042
Professional and consultancy	8,200	7,629	8,724	9,964	11,397	12,751	13,817	15,733
Others	8,878	8,200	8,331	9,006	11,300	13,500	14,800	18,025
Overall	9,243	8,657	9,533	10,031	11,981	13,353	14,376	16,699

Scotland

TWO senior management jobs with separate companies in Scotland are being offered by headhunter Graham Walker of Anthony Nevile International. Since he may not name his clients he — like the other recruiter to be mentioned later — promises to respect any applicant's request not be be identified to the employer at this stage of the proceedings.

The first post is for a group finance director with a company designing, making and marketing products in the fast-moving consumer-goods field, which plans to expand by acquisition of businesses in certain related activities.

Candidates for the main-board job should be qualified accountants with industrial experience, preferably in the manufacturing sector, that shows they are worthy of top line-management responsibility especially in dealing with financial institutions and the like. Those who are familiar with systems-development and acquisitions work will have an advantage.

The pay indicator is £40,000, with car of BMW status among other benefits.

The second post, in a "more beautiful" part of Scotland, is for a sales and marketing director with a British group producing specialised materials and so on for high-technology applications in America and on the Continent as well as in the UK.

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Inquiries to Mr Walker at 69 Midton Rd, Ayr, Scotland KA7 2TW; tel 0292 287969 or 264552, telex 858802 Baron G.

City

RECRUITER Dudley Edmunds of the Roger Parker Organisation seeks a currency-trading manager for a London-based bank. The newcomer will lead a team of about nine traders responsible for cash-market operations across a range of currencies, and should be demonstrably able to create and manage both liquidity and interest-rate risk positions.

Candidates should have copious treasury knowledge and preferably be working at a senior level in similar operations with a leading bank in London, although additional overseas experience would be welcome. Ability to lead by example is essential.

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Inquiries to Mr Edmunds at Bunge House, St Mary Axe, London EC3A 8AT; tel 01-929 1212.

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Those interested in applying for this position should send their CV in confidence to A. Affleck-Graves, Consultant, Noel Alexander Associates. No details will be forwarded to our client before discussions have taken place with applicants.

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For further details please contact Carolyn Obbard.

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with Hill Samuel Investment Management Group

Recent promotions and the expanding global investment management activities of Hill Samuel Investment Management, call for additional resources and, as part of this process, we are now recruiting experienced Fund Managers to add strength to the team and develop careers with Hill Samuel.

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Operating as Deputy to the Senior Investment Manager – Europe, you will be responsible, within a team, for day-to-day management of European Unit Trusts and other funds totalling in excess of £100m. A record of success in the European sector is essential. The role involves European travel and client contact.

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An experienced Manager is sought to be responsible for developing and leading our International Bond Management Services for US clients. The role calls for regular travel, primarily to the US, and involves client contact at a senior level. First class communications skills are essential.

In a dynamic investment business environment, our Fund Managers are expected to involve themselves in research and substantial client contact. We will pay generously for ability and relevant experience; successful candidates should anticipate a package *circa £35-50,000, together with a car, and includes mortgage assistance,* personal performance bonus and profit share. For the right individual, there is every opportunity to build a career.

Telephone, or send CV with current remuneration, in confidence to John Miller, Head of Personnel.

HS

Hill Samuel Investment Management Group
45 Beech Street, London EC2P 2LX. Tel: 01-628 8011.

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SIB

Two Key Appointments

The SIB (The Securities and Investments Board) is the agency designated by the Department of Trade and Industry to implement the new regulatory structure for investment businesses. Based in the City, the SIB seeks to appoint two members of staff at Assistant Director level in the Policy section of the Regulation Division. Working within an established team, the candidates will be responsible for the development of the policy for the capital requirements and finanical regulation of authorised investment businesses. Extensive liaison both internally, and externally with Self-Regulating Organisations and Recognised Professional Bodies, will be involved.

Applicants will have an accountancy or related qualification and experience of the financial services sector gained within an investment business, the accountancy profession or a relevant institution, and have the personal qualities to communicate effectively at senior levels. Experience of the securities industry or finanical futures and commodities markets would be particularly relevant.

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Interested applicants should phone **Paul Wilson on 01-404 5751** or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality is assured.

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Trading & Broking

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For further information on the above positions contact Anthony Isern, Foreign Exchange Division on 01-929 2383 or send a full CV to Reed City, No.1 Royal Exchange Avenue, London EC3V 3LT.

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North American Equities

We are members of the New York Stock Exchange and as the result of expansion are looking for additional personnel to join our successful and highly rated team servicing institutional clients worldwide with North American equities.

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Please write, enclosing full personal and career details to:

Gareth Hughes, Personnel Department, Kleinwort Benson Group
P.O. Box 191, 10 Fenchurch Street, London EC3M 3LB.

Kleinwort Grieveson Securities

Account Managers—International Banking

Banque Nationale de Paris p.l.c. is the British subsidiary of one of the world's largest banking groups, providing a range of international banking services for UK and multinational corporate clients. Due to recent internal restructuring, two Account Managers are required capable of maintaining and developing our well established client base.

Applicants for both positions, probably aged between 25 and 35, should be of graduate calibre with a sound credit appraisal background and at least two years' marketing experience with a major bank. Good personal presentation and the ability to communicate effectively at all levels are important.

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Please write in the first instance with full career details, indicating the position for which you wish to be considered to Mrs. Paula Keats, Personnel Manager.

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If you share our commitment to play a significant part in the industrial scene in the North West send a c.v. and current remuneration details to: Ian Carlton, Personnel Manager, County NatWest Limited, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES, quoting reference Ex/CL/M/FT (Interviews will be held in Manchester.)

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SECURITIZATION & ASSET SALES * CAPITAL MARKETS * CREDIT FACILITIES
CORPORATE FINANCE * TREASURY & RISK MANAGEMENT PRODUCTS

These appointments are viewed as key developmental positions for senior client management. They should be of interest to 'high-achiever' marketing officers, aged in their mid-late 20s, who are at present working in a sophisticated banking environment. The accent in this organization is on innovation and flexibility, and should provide a welcome contrast to many of the large banks within the city.

For further details please contact Andrew Stewart on 01-248 3653 during office hours or on 01-385 9616 evenings/weekends or send a C.V. to the address below. All applications are treated in the strictest confidence.

60, Cheapside, London EC2V 6AX

BBM
ASSOCIATES

Telephone: 01-248 3653

CONSULTANTS IN RECRUITMENT

INVESTMENT ADMINISTRATION

MANAGERIAL OPPORTUNITY – Glasgow

Due to expansion of business and restructuring within the area of Investment Administration, Scottish Amicable Life Assurance Society wish to recruit a suitably qualified and experienced person to join their management team responsible for investment administration and accounting services. Special responsibilities will be allocated for custodianship of assets and security settlements both within the U.K. and internationally.

The successful applicant will be in the age group 28 to 38 years and will have at least five years suitable experience gained within a major Financial Institution, Bank or Stock Broker. A professional qualification in Accountancy or Banking would be preferred although practical experience will be the main requirement for the job.

Scottish Amicable offers a generous salary package which includes a non-contributory pension scheme, subsidised mortgage facilities and relocation assistance.

The commencing salary will be in the region of £16,000—£17,000 depending on experience and qualifications.

Please apply in writing (enclosing a full C.V.) to:
W A M Williamson M.A., A.C.I.I., Staff Manager (Recruitment & Training),
Scottish Amicable Life Assurance Society, Craigforth (P.O. Box No. 25),
Stirling, FK9 4UE.

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c £35,000 + Bens

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DEVON SYSTEMS LIMITED

Devon Systems Ltd. is an acknowledged leader in off-balance sheet instruments software development. The Company is undergoing a major growth period and is seeking candidates for the following position:

FINANCIAL SOFTWARE IMPLEMENTATION
CAPITAL MARKETS

The position involves pre-installation consultation, training, and post-training support of Devon's application software packages. The candidate will function as liaison between clients and internal software development team, communicating requests for application enhancements.

The ideal candidate will have an in-depth detailed understanding of futures, options, swaps, caps and other off-balance sheet instruments. Experience at a City institution or trading firm is required. The successful candidate will also demonstrate effective communication skills, be highly motivated and self-directed.

This position represents an exciting opportunity for an individual who wishes to further a career in financial markets in an entrepreneurial environment with unique possibilities for self development.

Compensation package commensurate with ability.

Applicants with appropriate backgrounds are invited to forward a detailed career summary to:

C. Conde, Managing Director,
22 Bevis Marks, London EC3A 7JB

MIKE POPE AND DAVID PATTEN PARTNERSHIP
BANKING RECRUITMENT CONSULTANTS

MARKETING OFFICER — **c £18,000**

Our clients, a major European Bank with worldwide presence, wish to recruit a person aged 28–33 with A.C.I.B. to assist in developing business in the South West of England, based in Bristol.

Applicants should have the ability to analyse financial accounts and prepare reports supporting new business proposals. They should also have experience of short and medium term facilities for working capital and for asset financing in sterling and in currency. Trade Finance including Documentary Credits and Collections and FX products including Options. A knowledge of French would be an advantage and a current full driving licence is essential.

Please apply to: Mike Pope, Managing Director, Mike Pope Limited, 2nd Floor, Bank Chambers, 214 Bishopsgate, London EC2.

North American Analyst

Morgan Grenfell Asset Management Limited is one of the most successful international investment management companies. We are now seeking an additional experienced analyst to join our specialist regional team based in London covering the North American equity markets.

The successful candidate will cover selected sectors of the US market and Canada. He or she would be expected to play an active role in the formulation of investment strategy based on analysis of these markets. In due course there would be an opportunity to manage regional funds.

This is a demanding but potentially exciting opportunity for a self-reliant analyst who would enjoy working in a small team within a large and dynamic firm. Candidates must have a minimum of 2 years experience of the North American markets and are likely to have had 5 years experience of investment analysis in general.

In addition to an attractive salary and bonus scheme, we offer a substantial benefits package in line with the importance we attach to this post including company car, mortgage subsidy, non-contributory pension and BUPA.

Please write, in confidence, with full CV to:

Stephen Brooks
Personnel Manager
Morgan Grenfell
Asset Management Limited
46 New Broad Street
London EC2M 1NB

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Marketing Officer — **£30-35,000**
International Bank seeks Marketing Officer conversant with relationship management and development to maintain and develop corporate advisory, traditional banking and trade finance facilities. You will be in your late 20's/early 30's with 2-3 years marketing experience and have well defined credit skills. Some experience of capital markets products would be an advantage.

Relationship Officer — **c£20,000**
A strong credit, analytical and documentation background, together with a degree is sought by US Bank. Responsibilities will include the control of a portfolio of companies, annual review of credits and management of accounts and account relationship.

Corporate Analyst — **c£18,000**
A Senior Analyst with proven skills and the desire for short term progression to a Marketing environment is sought by a major International Bank. Specific experience of analysis of International 'Blue Chip' Corporates is necessary as you will be directly assisting the Marketing Officer on a world wide basis.

JOSLIN ROWE

Bell Court House, 11 Blomfield St., London EC2. Tel: 01-638 5286

EQUITY ANALYSTS

City

As a successful EQUITY ANALYST you are an expert in one of the following:

Newspapers
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Food Retailing

It is within these sectors that my clients, highly profitable UK stockbrokers, wish to expand their well established expertise. In return for your incisive analytical ability, your excellent communication skills and your success as an analyst, my clients offer a stable, highly professional environment and an excellent rewards package which is genuinely negotiable. Salary will not be a limiting factor.

Write or telephone in confidence Nicolas Mabin, Regional Director, quoting reference CG0472.

01-256 5041 (out of hours 01-987 8907)

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, LONDON EC2A 1AD.

FINANCIAL ANALYST

INTERNATIONAL MERCHANT BANK

LONDON — TO £30,000

Our client is an established merchant bank with headquarters in London and offices in New York, Frankfurt and Tokyo. The Bank has an impressive financial pedigree with its parent being a substantial (in world terms) European bank. The London corporate finance department is in the process of being enlarged and the opportunity exists for at least two financial analysts to join the Bank at a most exciting stage in its development.

As members of project teams, the financial analysts will work closely with senior corporate finance executives and researchers in evaluating and executing a wide range of transactions both within the UK and across borders. He/she will be expected to contribute fully to the development of proposals, which will include client contact, and to be able to assume full responsibility for managing projects within a short period of time.

The ideal candidate will have experience of financial accounting, financial engineering and mergers and acquisitions within a merchant bank, a broker, the corporate finance division of one of the major accounting practices or within a major acquisitive group of companies. Excellent analytical and communication skills in addition to a high level of self-motivation are essential attributes.

The position offers excellent opportunities for career advancement and the remuneration package includes mortgage subsidy and other benefits.

If you would like to be considered for this position please write with full details of your career to date, quoting reference 8021, to Jo Cutmore at the address below.

Jamieson Scott
MANAGEMENT SEARCH
Lloyds Avenue House, 6 Lloyds Avenue, London EC3N 3AX.

Sales Executives – Trading Information Systems

to £45,000 OTE + Car

A major US company, with an established presence in the City providing a unique system of block trading in Equities between key brokers and major investment institutions. With over 800 clients in the US they are now expanding on their foothold in the London/European market.

Sales Executives

Reporting directly to the UK MD, you will be responsible for selling the service to the UK investment community with ultimate expansion into Europe.

You will be 25–35, ideally with knowledge of the City, securities and financial information systems and have the confidence to 'open doors' at a senior level. A high basic and commission brings the salary to £35,000–£45,000 or higher as there is no upper limit – plus car, free pension and BUPA.

Junior/Trainee Sales Executives

c£15,000 plus Car

Exciting openings also exist for young, bright, enthusiastic individuals with some City experience combined with the personality and commitment to succeed in sales.

For further details please contact, in strict confidence, David Clarke or Bill Theobald on 01-489 0165 or evenings/weekend on 0293 862247 or 034 284 3278, or send your CV to us at the address below

Sector Personnel COMPUTER RECRUITMENT AND CONSULTANCY
12 Well Court London EC4M 9DN. Telephone: 01-489 0165.

Hoggett Bowers plc

Executive Search and Selection Consultants
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CITY DIVISION

Senior French Analyst — ***c £50,000***
A leading UK Securities House requires an analyst with experience of the French market. This position carries considerable management responsibilities including membership of the European Management Committee. There is no set age specification and the remuneration package, which includes a number of generous benefits, is negotiable for the right candidate.

Dutch Analyst — ***c £30,000***
A prominent stockbroking subsidiary of a UK Bank is looking for a Dutch Analyst to work in its Benelux team. Candidates should have a minimum of 2 years analytical experience, perhaps less if directly covering the Dutch market, and should be fluent in at least one European language, ideally Dutch. There are excellent career development prospects attached to the position. The salary is negotiable according to experience.

Private Banking - Marketing — ***c £30,000***
An expanding American Bank requires an executive to market its products to high net worth individuals in Europe and the Middle East. The right candidate will probably be aged around 30 and will be able to demonstrate a successful track record of business development in a financial environment not necessarily in the private banking sector. He/she will speak a European language and have some knowledge of the Middle East. This position involves substantial travel and offers the potential for further advancement within an expanding environment.

Treasury Marketing Officer — ***c £30,000***
Prestigious British Merchant Bank seeks an experienced Marketing Officer to promote a broad range of Treasury products to an existing/developing client base. The ideal person, probably a graduate, will have had previous relevant experience within a Treasury function. Reporting to the Treasury Manager, then ultimately a Bank Director, the candidate will be a 'team player' by nature with the confidence and ability to establish/develop client relationships independently.

Corporate Finance - Graduates — ***To £25,000***
An International securities house is looking to supplement its Corporate Finance department with two Mathematics or Science graduates who have already gained some international banking experience, preferably related to capital market transactions. These are challenging high profile roles for candidates in their mid-twenties who show a genuine interest in pursuing a career in this area.

Account Officer — ***£20,000***
This prime, rapidly expanding European bank based in the City wishes to recruit an Account Officer. Prime responsibilities will be developing new business in addition to maintaining on-going relationships. The successful candidate will be aged late 20's/early 30's with a minimum of 2 years UK marketing experience. Prospects are excellent.

Foreign Exchange Supervisor — ***£16,000 to £20,000***
Progressive American bank seeks an experienced Supervisor to take charge of a busy back-up office. Responsible for three clerks, duties entail ensuring smooth operation of the department. Candidates, probably aged around mid-late 20's, will have around five years relevant FOREX experience and have a thorough knowledge of CD's, FRA's, Futures, Options and interest-rate swaps. Candidates who, in addition, can demonstrate excellent computer literacy (ideally Hewlett Packard/IBM) will merit the higher salary level.

Credit Analyst — ***£16,000 +***
An expanding European bank, based in the City wishes to recruit an additional Credit Analyst. The successful candidate will have a years plus credit analysis experience and be seeking a progressive role into marketing in the medium term.

01-588 4305/6 *Moorgate Hall, 153/157 Moorgate,* LONDON *EC2M 6XB.*

Asset Management

Cheltenham based – Banking benefits

An exceptional opportunity to join one of the most exciting Companies within the UK Finance House Industry.

RoyScot Trust is the instalment credit arm of the RoyScot Finance Group of Companies. This division of the Royal Bank of Scotland Group plc is undergoing a major phase of growth and development; and it is within this context that a challenging appointment exists within RoyScot Trust.

Reporting to the Managing Director you will assume responsibility for credit underwriting, the collection of accounts receivable and litigation. These functions are already well established within the Company and the person appointed will be expected to contribute to the development of Corporate philosophy and strategy in a wide context with a view to an early Board appointment.

The successful candidate is likely to be at least 35 with considerable senior management experience within the UK instalment credit industry. Demonstrable experience handling major credit proposals in excess of £200,000 is essential together with a thorough knowledge of Consumer Credit Law.

A highly attractive benefit package plus relocation assistance will be available to the right candidate including executive car, non contributory pension, mortgage subsidy scheme and private health insurance.

Please write with essential details of experience, age, current salary and qualifications to Peter Preston, Personnel Director – RoyScot Trust Ltd, The Quadrangle, Imperial Square, Cheltenham, Glos. GL50 1PZ.

RoyScot Trust

UK LENDING MANAGER PROPERTY SECTOR

To control substantial rapid growth

City base

The UK property lending portfolio of this well established and highly respected European bank has doubled in the past eighteen months. It is now time to appoint a specialist manager to consolidate past growth and undertake further expansion in this highly profitable area. The task is to negotiate and structure property related deals to enhance the performance of an already successful lending team. The ideal candidate will have a demonstrably successful track record in property finance either with a bank or an institutional lender and must have the drive, resourcefulness and self reliance to control a significant volume of business. There is a heavy emphasis on teamwork and the current composition of the lending group suggests that the late twenties or early thirties is the appropriate age bracket. However, we would welcome approaches from older candidates who can contribute greater depth of property lending experience. The organisation's commitment to substantial expansion ensures first class career prospects and the salary and benefits package reflects the importance placed on this position. Please send career details and salary history, quoting reference 0088F.

Samuel & Pearce Recruitment Ltd.
Executive Search, Selection & Recruitment Advertising
Academy House, 26-28 Sackville Street, London W1X 2QL.

COMMERCIAL PROPERTY MORTGAGE BROKERS

As we enter our second decade of growth, confident of our position as market leaders in the field of property finance and with the full support of our parent The London and Manchester Assurance Group, we seek further Brokers to assist our planned expansion.

Our philosophy is that the Broker should be responsible for his cases from initial client contact through to completion and that innovative thinking coupled with the support of our long standing relationships with some of the most highly respected property lenders should ensure a high success rate in the conversion of enquiries to placement of loans.

Remuneration is by a realistic base salary together with a generous and unlimited commission structure which should on the basis of processing business generated by our reputation and advertising campaigns lead to earnings in the first year of around £30,000. Substantially increased remuneration will evolve in subsequent years as a personal client base develops.

We have no preconceived ideas on age though anyone less than 25 is unlikely to have the breadth of experience required and we are prepared to train a numerate and commercially aware individual whose experience has been in related but not identical fields.

In the first instance contact Keith Moxon on 01-828 7771 or write to him at Allington House, 136/142 Victoria Street, London SW1E 5LD.

Seymour Adelaide & CO LTD

ASSET SWAPS ASSOCIATE

Scandinavia & France

Our Client, an innovative merchant bank, has an opportunity for a professional to join their Asset Swaps team - to be responsible for structuring synthetic assets and for selling these securities to investors in Scandinavia and France.

You will be required to maintain and develop a client base in Scandinavia and France and work closely with Bond Trading and Asset departments to put together synthetic assets tailored to client needs.

You should have at least one year's experience with capital markets, especially swaps, and a good record of academic achievement with an emphasis on quantitative skills and techniques. Fluency in Swedish, Norwegian and French is essential.

Please write with a full CV, quoting reference 4018, to John White, Moxon, Dolphin & Kerby, 178-202 Great Portland Street, London W1N 6JJ

DC GARDNER & Co.

INTERNATIONAL BANKING CONSULTANTS

Directeur – DC Gardner & Co Netherlands BV

DC Gardner & Co is een van de meest toonaangevende Bank Consultancies, die met name gespecialiseerd is in het leveren van trainingsprogramma's op hoog niveau aan internationale banken en beleggingsmaatschappijen.

Het hoofdkantoor is gevestigd in het financiële centrum van London en heeft kantoren in Amsterdam, Sydney, New York, Singapore en Hongkong. Voor 1988 streven wij naar een nog grotere expansie.

Momenteel bestaat er een vacature voor een internationale bankier die de Nederlandse taal beheerst. Hij/zij zal aan het hoofd van onze organisatie in Amsterdam staan en continueert zowel bestaande als nieuwe contacten met bedrijven gevestigd in Nederland.

Ons moderne kantoor is gevestigd in het *World Trade Center* in Amsterdam.

De werkzaamheden zullen bestaan uit het onderhouden respectievelijk leggen van contacten met bestaande en nieuwe cliënten en het ontwikkelen en onderzoeken van trainingsprogramma's voor deze cliënten. De Contacten met Belgie en Luxemburg zullen aanvankelijk vanuit Amsterdam worden gecoördineerd.

De kandidaten zijn ervaren front-line bankiers met ervaring op het gebied van Treasury en Capital Markets. Leeftijd tussen de 30 – 40 jaar, goede ondernemerszin, hebben een universitaire opleiding en kunnen op verschillende niveaus communiceren.

Wij bieden een uitstekend salaris en emolumenten met in het vooruitzicht, naargelang uw prestaties, opties op aandelen.

Geïnteresseerden kunnen hun Curriculum Vitae sturen naar:
Sandra de Goede
DC Gardner & Co Netherlands BV
Strawinskylaan 1207, 1077 XX Amsterdam, Nederland
Telefoon: 010 – 31 20 710961

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Success of the Instinet service in Europe has created a need for someone with substantial settlements experience and some management potential to join an expanding team responsible for the clearing of bargains through the Company's agent. Duties will also include the settling of all accounts and in the longer term, assisting in the training and supervision of new staff.

Applicants must have at least five years' experience in clearing a variety of Talisman, Residual and International (including US) bargains. The role also requires self-motivation, energy and confidence, as well as the ability to organise and manage a small team of staff.

In addition to an attractive salary and the possibility of car for more experienced applicants, the Company offers a generous benefits package including 6 weeks' annual leave, BUPA cover, subsidised restaurant and the opportunity to participate in the Reuter SAYE Share Option Scheme.

Please apply in writing with full career details to: Geraldine Way, Riley Advertising, Rex Stewart House, 159 Hammersmith Road, London W6 8BS.

Instinet is an equal opportunities employer.

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MARKETING ADVISER

From £22,000

Foreign Commercial Delegation in London seeks a Marketing Adviser/Officer for sales promotion and market research for a wide range of products. Experience in foreign trade and general marketing practices required. Applicants should be bilingual in English and German.

Applications with curriculum vitae and full details to:
Box A0785, Financial Times
10 Cannon Street, London EC4P 4BY

Credit and Guarantee Insurance Company plc

We underwrite the financial guarantee, indemnity and bonding requirements of almost every sector of industry and commerce.

Following our relocation to new and larger offices we are now supplementing our specialised team of executives with people, in their early 30's, whose expertise (obtained in relevant areas such as industry, construction, house building, accountancy, banking or law) is appropriate to our business. Our other requirements, of educational background and personal qualities, are also of a high standard. Obviously we expect competence in interpreting corporate contractual obligations and relationships allied to an objective analysis of financial data and risk assessment. In return we offer interesting and varied employment with real prospects for advancement.

The importance we attach to the appointments will be reflected in the renumeration package we will offer - which include a company car, non-contributory pension, B.U.P.A. and, if appropriate, a mortgage allowance. *(Our executives and staff operate a no-smoking policy in our offices.)*

Full C.V., naturally in confidence, to:-
V.J. Fowler, Managing Director
Surety House, Lyons Crescent,
Tonbridge, Kent TN9 1EN

CHARTERED SECRETARY

A *medium size Financial Services Group actively engaged* in banking, investment and related business requires a chartered secretary to be responsible for its corporate and legal affairs with additional responsibility for compliance with the financial services act.

The successful applicant is likely to have a legal bias and a legal qualification would be an advantage. An appropriate salary and benefits are envisaged for this position.

***Please apply with CV and details of* current remuneration to: The Managing Director, Financial Times, Box A0781, 10 Cannon Street, London EC4P 4BY**

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Connaught

PROPERTY FINANCE EXECUTIVE

High calibre individual required to join existing team of leading commercial finance brokers. Ideally aged to 35, candidates should have a sound knowledge of the commercial property market and lending techniques. The position offers genuine and exciting career prospects within a fast expanding quoted group, salary and benefits negotiable. Please send a C.V. in strictest confidence to: The Personnel Manager, Astra Trust Plc, 96-98 Baker Street, London W1M 1LA

UNIQUE CAREER OPPORTUNITIES - FINANCIAL SERVICES -

Kent, Sussex, Surrey & Essex

Highly reputable and well established financial group have career opportunities within its successful sales team. Successful candidates will undergo full and thorough training in order to successfully advise private and corporate client. Applications are invited in strictest confidence from candidates aged 24-45, resident in the above locations, who are able to demonstrate previous success in any field.

To apply for an initial exploratory interview, write in strictest confidence to Box A0774, Financial Times, 10 Cannon Street, London EC4P 4BY

FAR EASTERN ANALYST/ FUND MANAGER

Previous
Far Eastern experience
not essential
Salary negotiable
+ company car

ALLIED DUNBAR
PERSONAL FINANCIAL GUIDANCE

Allied Dunbar Asset Management provides a full range of investment management and advisory services to the companies in the highly successful Allied Dunbar Group. Currently, this involves taking responsibility for over £3 billion of equity investments, around £330 million of which is invested in various Far East funds and trusts. Due to the increasing number of new markets opening up in this area, we are now seeking to recruit a fourth member of this small team.

A graduate in economics or similar finance-related subject, you will provide essential research back-up on all the Far Eastern markets to the Investment Managers. This is an outstanding opportunity for a bright graduate to acquire first-hand knowledge of the exciting Far East sector.

We envisage that the right candidate will soon progress from the research role to a full Investment Manager, becoming a highly valuable member of the investment team.

A minimum of two years' experience in investment analysis is essential here, along with excellent communication skills and a high level of initiative. Previous experience of the Far Eastern markets is not a pre-requisite – we're looking for someone who learns fast and who has the ability to work as an effective member of the team.

In return, we offer an attractive salary (dependent on age and experience) plus a good package of benefits including a company car, interest free season ticket loan, BUPA, profit share, non-contributory pension scheme and free life cover.

If you have the investment analysis skills we're looking for, please telephone Janice Hill on 01-434 3211 for an application form or write to her at Allied Dunbar, 9-15 Sackville Street, Piccadilly, London W1X 1DE.

We are an Equal Opportunities Group. Applications are welcome regardless of sex, marital status, ethnic origin or disability.

ALDUS

Software Technical Support

The Company
Aldus Europe Limited is a subsidiary of the Aldus Corporation of Seattle - the world's leading supplier of microcomputer based software for Desktop Publishing. Over 100,000 software packages have been sold, with Aldus PageMaker currently available in twelve languages in twenty-five countries.

Aldus Europe Limited has been established to provide sales, marketing, training, technical support and manufacturing for all European countries.

Based in Edinburgh, Aldus Europe Limited currently employs more than forty staff, and will continue to expand over the coming year. Due to this increased activity it is necessary to recruit software technical support staff.

The Jobs
The Technical Support Department provides hot line telephone support to VAR's, Dealers and End Users. Some positions are as members of the support team, but one is to lead the support team and implement appropriate procedures.

The People
It is essential that candidates have thorough knowledge of both the IBM PC and Apple Macintosh environments, covering operating and network systems and a wide range of application programs. Experience in DTP would be an advantage.

The Package
The salary and other benefits will be in line with the responsibility and importance of the position. Aldus Europe Limited operates a staff pension and profit-sharing scheme.

The Next Action
If you feel that you have the experience, drive and ability to join the leading company in Desktop Publishing then send your cv to:
Derek J Gray
Managing Director
Aldus Europe Limited
Craigcrook Castle
Craigcrook Road
EDINBURGH EH4 3UH

All applications will be treated in the strictest confidence.

FUND MANAGERS

The Municipal Insurance Group is a large U.K. general insurance company. Through its M.I.A. subsidiaries it also has interests in life assurance, unit trusts and property development. Total funds under management are approximately £1,000 million.

The Westminster-based investment team is currently small but has a successful track record in both U.K. *and overseas markets. Future expansion plans* mean that we now wish to find additional Fund Managers to take responsibility for selected portfolios.

Candidates should ideally be graduates in their early or mid-twenties, with around two years' relevant experience in a similar environment. Knowledge of **European equities, U.K. smaller companies or fixed interest markets** would be particularly helpful. Consideration will also be given to individuals with a background in investment analysis who now wish to make a career move into fund management.

Prospects for advancement within the group are good and we offer an excellent remuneration package. In addition to an attractive basic salary other benefits include:

- performance-related bonus
- company car
- subsidised mortgage
- *private medical cover*
- contributory pension scheme

Applications in writing and accompanied by a detailed cv should be sent to:
M. G. Lewis, M.A., F.I.A.,
Municipal Mutual Insurance Limited
37/41 Old Queen Street,
Westminster,
London SW1H 9HN

International Appointments

MIM BRITANNIA INTERNATIONAL LIMITED

Marketing Executive Offshore Funds Gibraltar Based £30,000 basic

Plus Commission and Benefits Packages

MIM Britannia International is one of the leading offshore investment management companies, having built up one of the widest ranges of offshore funds.

The appointment will be based in Gibraltar and will provide the successful candidate with an exceptional opportunity to build on the existing connections with specialist professional intermediaries in Spain, Portugal and Balearics.

Probably aged between 30 and 45, you must be able to demonstrate a successful track record of selling financial products to the intermediary sector. Essential qualities include self motivation and the ability to be highly resourceful. Fluency in Spanish would be a distinct advantage.

The excellent salary benefits package includes a carefully designed commission scheme and a company car.

To apply in the strictest confidence, please write to Douglas Aitken, International Marketing Director, MIM Britannia International Limited, P.O. Box 271, Queensway House, Queen Street, St. Helier, Jersey.

MERCHANT BANKING FRANCE

Highly reputable merchant banking institute in Paris is seeking for its fast expanding international division, a young professional with a 3-5 years experience in international mergers and acquisitions, corporate advisory work, investment appraisal.

The ideal candidate based in Paris will demonstrate technical competence, creativity, good written and verbal communication skills in both English and French.

Applications including full personal and career details and photo should be sent to:
Box A0784, Financial Times,
10 Cannon Street, London EC4P 4BY

Investment Management Middle East

A *successful applicant* will eventually report to the Group Board Directors and his responsibilities will include the following:

1. Manage a small department for substantial investment overseas.
2. The department is responsible for producing statistical information to allow for the monitoring of performance of portfolio managers in different financial centres who have discretionary management.
3. The holding of periodic meetings with the portfolio managers to discuss and decide investment strategy and policy.
4. Follow equity, bond and currency markets to enable immediate action to be taken to take advantage of possible future movements in the market.
5. To appraise investment opportunities for further investment and *present suitably to the directors.*
6. To supervise the legal accounting and administrative responsibility of a number of off-shore companies.

Applicants should hold an accountancy qualification or an economics degree.

Situated in an attractive and stable Middle East country, the rewards include a tax free salary in the region of £19,000 in local currency, a provident fund, generous car and education allowances, free furnished accommodation and annual leave.

Applications to Box No.

International Banking

DEPUTY MANAGER — SETTLEMENTS

Top quality European Bank seeks to strengthen the Operations Management team and currently offer an exceptional career opportunity. Reporting directly to the Operations Manager, the successful candidate will require a background of relevant FX and Money Market experience, including new products, and also demonstrate the potential for further managerial responsibility.
SALARY: c£25,000 + Car

MARKETING OFFICER

First rate European Bank planning to expand the London Operation seek a high calibre marketing person aged up to 40. This addition to the existing team will target small/medium U.K. corporate clients in all sectors.
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MANAGEMENT

London Electricity Board

Putting a spark into the service

BY LUCY KELLAWAY

YOUR FRIENDLY neighbourhood electricity board may shortly become more sensitive to your needs – offering a better service, and cheaper electricity. It could stand between you and an increasingly fragmented electricity supply system, becoming the focus of the whole industry. Its position in the local economy may be elevated, making it a spur to growth in your area.

That is one version of the post-privatisation electricity story, as seen by Caminus Energy, a Cambridge-based consulting company. While other versions paint the role of the area boards in less high gloss, almost all see privatisation as an opportunity for the boards to broaden their business and perhaps to become better at what they do already.

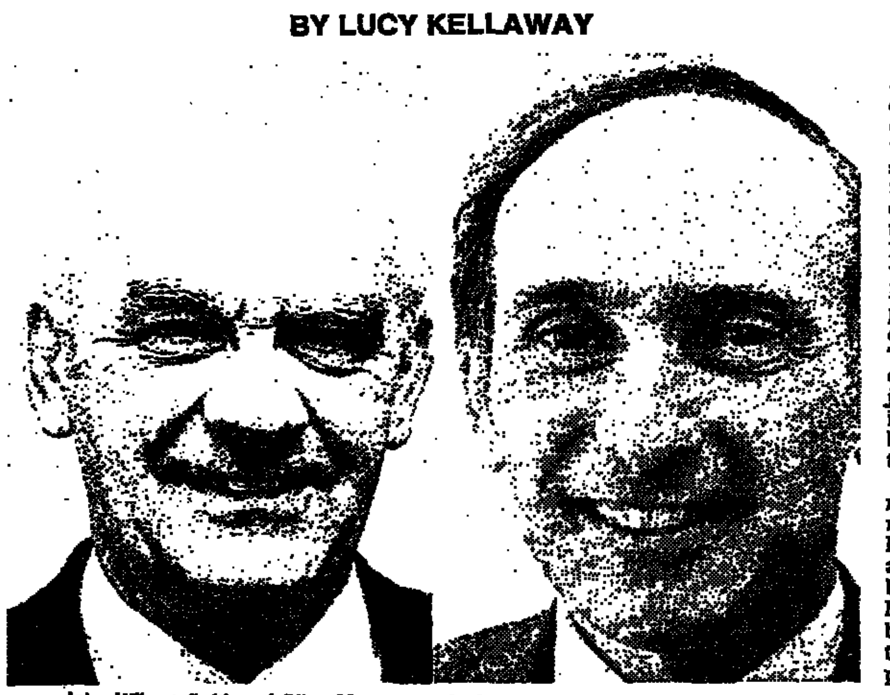
But are the boards themselves eager and ready for the challenge? If asked point blank, most will say that they welcome privatisation, and the freedom it should bring from government, from imposed financial targets, and from the bureaucratic federal structure of the industry. However, when questioned specifically about new market opportunities, scope for increased efficiency and improved customer service, their response is duller, and almost defensive.

At the London Electricity Board, for example, any suggestion that privatisation is the sole, or even the prime, challenge that faces the industry, is strongly rejected. John Wilson, the 65-year-old chairman, an engineer who has spent all his working life in the industry, says that the LEB has changed radically over the past few years. "Our culture and enterprise are continually developing, and continue to do so irrespective of our ownership. There is a danger in seeing changes resulting from privatisation, when in fact they are part of a continuous process of change," he says.

While the nature of the business – keeping London's lights on and collecting the bills – may be little altered since the area boards were created 40 years ago, the culture and the way of doing it have been through several revolutions.

In the past four years at the LEB, costs have been cut by some 20 per cent; and since 1981 the workforce has been reduced by over a quarter, despite large increases in demand. New information technology has been installed in most parts of the business, including the distribution network, the High Street showrooms, the payroll, and the telephone system. Above all, the culture of the board appears to have become more open, managers more accountable, and the role of the customer elevated.

According to Roger Barnard, secretary of the London Electricity Consultative Council, the LEB has come a long way over the past few years from being "an entrenched board with a seige mentality, which attempted to excuse its excesses by the fact that London is a high cost area".



John Wilson (left) and Clive Myers: continuing process of change

Despite these changes, the LEB, which has an annual turnover of £1bn, lags behind most private sector companies of a similar size in the way in which it manages its business.

As recently as 1980 each part of the organisation used a different accounting system – a mess which has now been tidied up under the present finance director, Gordon Rogers. The innovations, which include the planned introduction of "profit centres", barely bring the LEB up to date.

Instead, it has relied on an extraordinarily complex system of sticks and carrots to motivate its workforce, consisting of about 150 different standards against which performance is measured. In addition to the financial rate of return and cost reduction targets set by the Government, the area boards impose their own guidelines for measuring their progress against that of the other boards and that of one department or employee against another.

While the controls and targets appear to work well in providing some incentives, the system is over-complicated, says Clive Myers, the new commercial director of the LEB, who is campaigning to get the system simplified.

"We have far too many standards, some of which conflict with each other. Often I think that we can't see the wood for the trees," he complains.

Perhaps privatisation will put the wood clearly in view by elevating the profit motive for all to see. According to Professor Leslie Hannah of the London School of Economics, it should concentrate the attention of the area boards on the margin between their costs and revenues more than it does at present.

Just as the boards are slowly becoming more efficient, they are also becoming more responsive to the needs of their customers. Some boards have recently introduced new schemes against which services can be judged; the South Wales Board has distributed a brochure specifying precisely the standards that it aims to achieve in terms of service to its customers.

Perhaps, as the boards themselves maintain, these efforts to improve the quality of service are all part of a process. However, it seems likely that the prospect of privatisation is already concentrating their minds, as they anticipate the kind of statutory restriction which could be placed on standards of service under private ownership.

Learning to satisfy any new regulatory authority and to embrace more fully the profit motive, are not the only changes that the boards will have to come to terms with. If they are sliced up and sold off separately – as they would like – they will face greater upheaval than other privatised monopolies.

Because of the federal structure of the industry, some of the decisions and functions which are now dealt with centrally by the Electricity Council may be delegated to the individual boards.

At the moment each handles its own day-to-day business, while many of the strategic decisions are taken centrally. Each board has quite different customer bases and correspondingly different problems, which they have tackled with varying degrees of application and imagination. For example, the London board has an acute problem with customers who move house leaving bills unpaid. It has responded to the problem by putting new customers through what one of its managers describes as "The Third Degree". In order to get an electricity supply customers are subjected to a rigorous and lengthy investigation with the result that its bad debts have been reduced by £1m to about £5m in the last two years.

Perhaps as a result of management's preoccupation with the daily running of the business and of its local concerns, a somewhat insular atmosphere prevails at the area boards. Most of the senior managers have been with the industry man and boy, with little experience of anything other than electricity and the public sector.

Jenny Kirkpatrick, director of the Electricity Consumer Council, describes the culture of the boards as having a "decidedly 1950s feel" to it. "The problem is that the senior managers are all engineers, who are good at coming up with engineering solutions to engineering problems. There is no influx of new management at higher levels – which is perhaps not surprising given the relatively low levels of pay," she says.

However, there have been two powerful advantages to the existing management system. The first is that it has kept the lights on. If the most important quality of an electricity utility is reliability, the area boards appear to be doing a good job. The second is that the broad training offered to employees at all levels means that junior and middle managers may well be generally better equipped for their particular functions than comparable employees in many private companies.

In any case, it is possible that to look for visionaries at the top is to miss the point. According to Professor Hannah: "They are not a go-ahead entrepreneurial lot. But they run boring old utilities – this is a steady industry, and will be sold on low price earnings multiples – go-go management at the boards could prove disastrous."

'Know-how'

The reluctant managers

Michael Skapinker reports on a problem peculiar to professions

"I'M SOMETHING between a cleaner and a shoulder to cry on."

The complaint might have come from the overworked and under-appreciated secretary to the chief executive. Instead, it comes from the chief executive himself, the head of a firm of consultants.

His gripe will be appreciated by many struggling to manage companies in the fast-growing "know-how" sector. The sector – which includes consultancies, advertising agencies, law firms, research laboratories, hospitals and computer software companies – is full of well-educated, highly motivated professionals who often resent being told what to do.

The resentment is most acute if the manager is not himself a professional - a doctor, lawyer, accountant or consultant - but is instead an outsider brought in to provide the organisation with greater focus and efficiency.

Many professionals do their best to ignore or even undermine the outsider's attempt to manage. What, after all, does the newcomer know about the health service, or the law, or computers?

A recent book* on the know-how sector points out that the position of professionals who take on management positions is often no better. Lawyers or accountants who become "managing partner" on a rotating basis tend to find themselves dealing with a series of routine accounting or staffing tasks rather than the strategic direction of the firm.

They often become anxious about losing touch with developments in their field and long to get back to their speciality.

In some cases, professionals are not even particularly concerned with the progress their organisation is making. "Indeed it is commonplace, in areas like medicine and journalism for example, for the professionals to display considerably more loyalty to their professions than to the organisations that employ them," the book says.

The book is by Tom Lloyd, editor of the British magazine Financial Weekly, and Karl Erik Sveiby, joint chief executive of the Business World financial information group in Stockholm. In 1985, Business World backed the management buy-out of Financial Weekly from Robert Maxwell's organisation.

Inadequate

Sveiby became interested in the know-how sector while evaluating the new consultancy firms that were being floated on the Stockholm Stock Exchange. He found that the tools he had used to analyse traditional companies were inadequate when it came to examining these new organisations.

The know-how companies often had little in the way of tangible assets. There were no machines or warehouses, no inward flow of raw materials and outward flow of finished goods. Some of the companies did not even own their own premises.

Their assets consisted of the brains and experience of the people who worked for the organisations. These assets were difficult to measure. The value of the company could also be dramatically reduced by the departure of a handful of key people.

The authors warn that reliance on the traditional key financial indicators can be dangerous. They cite the case of a company which provided training courses for computer sales people. The company appeared to be highly profitable, but was crippled when its two most experienced teachers left to found their own organisations.

"The problem with know-how rich companies is that their high profits are generated by assets that are not only invisible but also highly mobile," Lloyd and Sveiby say.

They suggest various ways of measuring changes in a company's know-how capital, such as keeping track of the average age and experience of personnel and of the rate of staff turnover. They also recommend the carrying out of client opinion surveys.

Their attempts to address the central problem of how to manage know-how companies are less satisfactory. Although they return repeatedly to the sharp divide between general management skills and professional expertise, the book is a little thin on concrete solutions. When the outsiders finally learn how to manage the temperamental professionals, perhaps a few will emerge from the fray to tell us how it is done.

*Managing Knowhow, Bloomsbury, £19.95.

Business courses

The management of manufacturing, Brussels. May 5–6. Fee: members BFr 67500; non-members BFr 75000. Details from: Management Centre Europe, rue Caroly 15, B–1040, Brussels, Belgium. Tel: 322516/19/11.

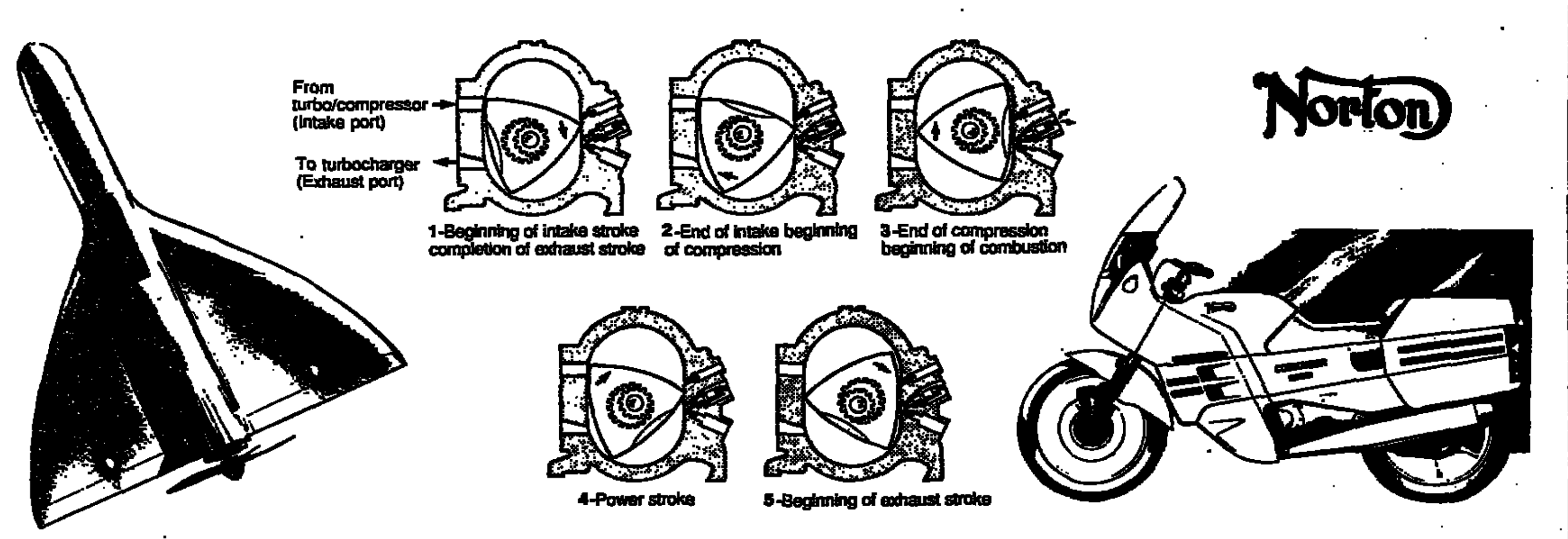
Management skills for women, London. March 17–18. Fee: £445 + VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Telex: 299180 MONINT G.

Finance and accountancy for non-financial managers, London. March 17. Fee: members £125 + VAT and non-members £145 + VAT. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead, Berks, SL6 9QH. Tel: 06285 24922 ext 2229.

Speaking with confidence, London. March 10–11. Fee: £445 + VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Telex: 299180 MONINT G. Fax: 01-871 3866.

Project management – the critical skills and techniques, London. February 22–24. Fee: £545 + VAT. Details from The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Telex: 299180 MONINT G.

TECHNOLOGY



Norton reaches for the sky

The UK motorcycle maker is preparing to take a quick spin into the Third Market. Paul Abrahams reports

THE STRANGE saga of Britain's Norton motorcycles will take another turn today if shareholders of the Norton Villiers Triumph Group vote for the company to join the London Stock Exchange's Third Market. But it will take a stranger twist, still if the company successfully exploits its own development of a revolutionary rotary engine – taking the technology into areas well removed from the world of two wheels.

The aim of the move to the Third Market is to provide Norton with the financial flexibility to exploit the new engine in areas other than the traditional motorcycle market. Although the engine was designed for motorcycle use, world bike sales have slumped in recent years, and the Japanese stranglehold on what is left of the mass market would be hard to break.

Norton believes that with the rotary engine it can compete effectively in a wide range of applications. These include unmanned military aircraft called drones, light aeroplanes, microlight aircraft and outboard marine motors. If Norton is successful in exploiting these markets, it will have moved a long way from the 1950s when its bikes dominated the Isle of Man TT races.

The key to the company's potential transformation is the rotary "Wankel" engine. The design has existed since the late 1940s and gained great publicity in the early 1970s when Audi of West Germany patented its own version of the original concept.

But until recently the technology has been dogged by problems of unreliability and consumer resistance. Norton now says that, like Mazda of Japan, it has achieved high standards of engine reliability.

The Wankel design replaces traditional pistons with a rotor. Without pistons, there is no need to translate their up and down movement into the rotation needed to turn wheels or propellers. Quite simply, the rotor drives them directly.

The Wankel's advantages are that there are fewer parts to go wrong, and it is smaller and lighter than more conventional power units. The motor is also free of much of the vibration caused by pistons in traditional engines.

Although Mazda has successfully used Wankel engines in some of its cars, the rest of the motor industry has been reluctant to adopt the technology.

David Garside, director of engineering at Norton, explains: "Suzuki brought out a rotary-powered motorcycle called the RE5 in the 1970s which technically was reasonably successful, but commercially disastrous. The machine was far from cheap, uneconomical – in the middle of the oil crisis – and poorly marketed. When the Japanese touch something and drop it, even competitors will hesitate."

Garside claims, however, that the difficulties associated with early rotary engines, such as high fuel consumption and rapid wear of rotor tips, have been overcome. "Fuel economy of the Norton unit comes within 10 per cent of that of a conventional engine," he says.

Norton tackled the fuel consumption problem by keeping its engine design simple, and thus mechanical friction to a minimum. It employed NSU of West Germany's solution to rotor tip wear. Nickasil plating is used on the rotor housing and alloy cast iron on the rotor itself.

"Of all the potential markets for the engine, the most exciting is in the field of drones," says Norton. The lightness of the Wankel engine in relation to the power it can generate makes it particularly attractive for use in these aircraft: a market potentially much more profitable than that for motorcycles, according to Norton.

Until now, these craft have been powered by two-stroke engines which traditionally tend to be unreliable. The more dependable four-stroke engines are too heavy for unmanned aeroplanes.

Drones have been used successfully for surveillance by the Israelis in Lebanon since 1982. They often carry delicate electronic equipment valued in millions of pounds. Yet they are driven by engines worth less than £2,000. When the drone returns – which it occasionally and expensively fails to do – the engine vibration has often shaken the equipment apart.

Norton's Wankel appears to offer the combination of reliability and lightness needed for unmanned aircraft, while at the same time producing little vibration. The company's P73 model, developed for the drones, can generate 38 horse-power and weighs only 22lbs – an extremely high power-weight ratio. Radial vibration has been reduced to zero and torsional vibration is low. Speeds of 200mph have been recorded. Prototypes are being tested in Israel.

But the move towards aviation does not mean that Norton is abandoning motorcycle production. This year, it is launching a new bike called the Commander: the first machine specifically designed for the police market, says the company. The Commander will replace the Norton Interpol 2 which over four years has captured, from BMW of West Germany, about 20 per cent of the UK market for police motorcycles.

In designing the Commander, Norton has taken into account a number of police criticisms of the Interpol. Some forces, like the Metropolitan, complained that the bike's air-cooled engine had a tendency to overheat in slow-moving traffic. A water-cooling system has been added and this should prove more efficient in keeping running temperatures down. Alternator output has also been lifted from 18 amps to 26 amps to help provide enough electricity to run police radios and warning lights.

Meanwhile, Norton engineers are still working on problems that the Interpol has experienced in accelerating from cold. Policemen discovered that they had difficulties in chasing vehicles when their bikes had been still for a long time. The trouble lay in the manual choke system which is to be replaced by electronic fuel injection later this year.

So the Commander could carve itself a healthy niche market, if for no other reason than a number of police authorities have a policy of buying British. And there are those forces which have highly praised the Interpol models they have had in service for some time.

One such Norton devotee, Superintendent Tom Pritchard, who is in charge of driver training in the West Midlands police, says: "The Interpol's performance is superb, the engine inaudible, and there is virtually nothing to go wrong with it. It handles well, is very good in open country and is much faster than the BMW. The Interpol is the best Norton yet."

AT&T throws light on the edge of time

MODERN DIGITAL circuits, called upon to handle more and more information, are having to deal with shorter and shorter electrical pulses. Some last for only one picosecond, which is one millionth of a millionth of a second.

Measuring such pulses and their time relationship to each other in complex integrated circuits is becoming increasingly difficult because their duration is so short. New methods are called for and a team at AT&T Bell Laboratories in the US has developed a method which probes directly into the minute structure of the circuits.

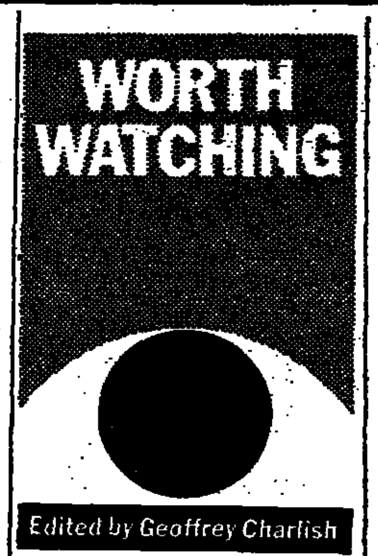
It uses a microscopically small crystal on an equally small probe, which is brought close to the circuit point of interest under microscope control. The tiny electromagnetic fields, produced by the circuit pulses at that point, modify the optical qualities of the crystal in sympathy.

These changes are in turn sensed, by shining laser light through the crystal. The light is modified correspondingly and so gives a measure of the size and timing of the pulses in the circuit. Since the probe does not touch the circuits, their performance is not affected by it – a problem with systems where contact with the circuit is required.

Facit move towards low-cost printing

FACIT, THE Scandinavian-owned computer peripherals company, has entered the low-cost laser printer market. Its new product, the P6010, costs £1,795 and is being made in Japan to Facit's specifications.

The company believes the printer offers personal computer users a competitive alternative to the customary dot matrix and daisy-wheel units. It produces typewriter-like quality (300 x 300 dots per inch resolution) at speeds of up to six pages a minute. The P6010 also has a choice of four founts and the ability to print graphics. Extra fount cartridges can be supplied, or can be downloaded from any larger computer to which the PC may be connected.



WORTH WATCHING

Edited by Geoffrey Charlish

Bundespost links with Siemens fibre system

SIEMENS, the West German electronics group, has handed over an optical fibre transmission link to Deutsche Bundespost. With the 32 fibres fully utilised, the link will be capable of carrying 120,000 simultaneous telephone calls.

Operating at 565 megabits (millions of bits) per second, the system links Munich and Nuremberg. It will allow 240,000 subscribers to telephone simultaneously or exchange data. Alternatively, 64 high-quality television signals could be sent.

A choice of light wavelength and transmission mode has increased the spacing of the repeaters (which restore the light pulses after degradation along the line) to 35km, thus reducing costs. A comparable system using copper wire and electrical signals would need repeaters every 1.5km.

China takes on board British pipe designer

THE CHINA Shipbuilding Corporation has taken a corporate licence to use computer-aided plant design software called PDMS.

Offered by CADCentre of Cambridge in the UK, PDMS (plant design management system) has been developed over the last decade and is a screen-and-keyboard method of laying out piping and machinery in all kinds of industries. It can for example, "thread" an additional pipe through an existing maze of pipes by the best route.

Apathetic ring to future of ISDN

A RECENT survey conducted by BIS Mackintosh, the UK market research company, concluded that most of the world's telecoms users are apathetic about ISDN (integrated services digital network). ISDN is a world concept for telecoms networks that allows speech, text, pictures and other digitised data to be sent on two separate channels per subscriber.

The survey says that potential users will need to be convinced of ISDN's benefits before giving up their commitment to existing equipment and services. The message for the telecoms carriers, when they start to offer ISDN in the 1990s, is that tariffs must be set below those of current services and the various services must not be priced selectively.

At the same moment, an ISDN awareness document has been prepared by the UK Information Technology User Standards Association, ITUSA, in London. It gives a good overview of the subject, is written in semi-technical terms and is aimed at executives with telecoms planning responsibilities. The booklet costs £50 but is free to members.

Royal Navy opts for Ferranti towed sonar

FERRANTI OF the UK, under contract to STC Defence Systems of Basildon, is to build two towed sonar arrays for the Royal Navy's fleet submarines.

Towed behind a vessel, these "passive" 50-metre arrays make use of a number of receivers along their length to capture the sounds made by other ships and objects.

Since each receives a slightly different signal from that received by its neighbour, an associated computer can look at all the signals and detect, classify and track the position of contacts. No energy is emitted by the array (as it is with "active" sonar systems), so the towing ship's position is not given away to the enemy.

CONTACTS: AT&T Bell Laboratories: US, (201) 564 4687. Facit: UK, 0634 830008. Siemens: UK office, 0932 785691. CADCentre: UK, 0223 314848. BIS Mackintosh: UK, 0582 405678. ITUSA: London, 379 7400. Ferranti Computer Systems: UK, 061 428 0771.

Joan Sanderson (seated), Janine Wood and Prunella Scales in "After Henry;" Gary Waldhorn and Penny Downie in "Campaign;" and Ronnie Barker and Josephine Tewson in "Clarence."

Palladio in Houston

While *Aida* opened Houston's new opera house, across the street in Jones Hall Vivaldi's *Giustino* had its American premiere, and afforded one of the most intensely enjoyable operatic evenings I have had for years. It's not a blazing masterpiece. It's not as inspired a work as Handel's setting of same libretto (reworked for him). But it's a feast of excellence, varied music, applied to a well devised plot, with interesting characters, which – when it is as well performed as it was here – can hold a listener entranced.

The Italian Ministry of Tourism and Spectacle had sponsored a festival, "Italy in Houston." The city was *en fete*, its squares glittering with *luminarie* – those architectural "light sculptures" that deck Italian streets at festival time. G.B. Tiepolo's Pulcinella frescoes were on show in the Art Museum. There were puppet troupes, plays, concerts, ethnic manifestations. And *Guistino* had been sent over from the Teatro Olimpico, in Vicenza, complete with a full-scale touring reproduction of Palladio's stage: the statued triumphal arch, with classical streets in stage perspective stretching behind it.

Palladio based his architecture on harmonic proportions derived from the natural laws of musical consonance, and, although the spectacular effects in *Giustino* of the shipwreck, the sea monster, Fortune on a revolving wheel, could not be realised, a more pleasing background for musical enactment could hardly be imagined. Marise Flach (who has worked often with Strehler) had devised a staging formal yet eloquent. Pasquale Grossi had designed costumes at once Byzantine and romantic.

The conductor was Alan Curtis. In America, he's a Berkeley professor and in Europe he's one of the busiest Baroque maestri. This year alone, I'd read accounts of Gretry's *Zemire et Azor* in Liege, Gluck's *Armide* in Paris, Monteverdi madrigals staged in Siena, Cesti's *Semiramide* in Innsbruck, and in Venice the first performance in over three centuries of *La finta pazza* by Francesco Sacrati, a composer called in his day a moon to Monteverdi's sun. (All Sacrati's music had disappeared until the recent rediscovery of *La Finta Pazza*.)

And then *Giustino*. In Berkeley, Curtis sometimes conducts student or semi-professional performances. This was the first time – since an *Erismena* at the Holland Festival 13 years ago – that I'd heard him work with the resources that Europe's state-subsidized theatres and festivals can supply. He's a finely tempered, perceptive, and impassioned musician. The Complesso Barocco Italiano played admirably. There was a cast of seven young sopranos and mezzoes who showed that Italy can still produce singers who rate purity, clarity and steadiness of tone above brute force, and verbal intensity above vociferousness.

The star of the show was Susanna Anselmi, playing Anastasius, who reminded me of now the young Janet Baker, now the young Marilyn Horne: hyperbole perhaps, but indicative of tones, phrasing, and words that touched a nerve of delight, the flash of bright metal when situations called for it, fluency in divisions, subtlety in their shaping, and tender sostenuto in slow arias.

Andrew Porter

Television/Christopher Dunkley

Brand new programmes kick off the year

Having languished for a fortnight in the post Christmas doldrums of repeats and "family" entertainment we now find ourselves swept into the winter gales of television's new year season. In the past week I have watched the opening episodes of 13 new series – that is, *genuinely* new: not fresh batches of old series (such as *Rockcliffe's Babies* which returned with an episode similar to everything in its last series, nor *Rude Health* in which John Wells is once again very funny) but brand new series, never before seen on our screens.

One was so appalling that future episodes may prove irresistible for the sake of the laughs. Imagine *Crossroads* transferred to the Lake District and badly dubbed into German and you have some idea of the effect achieved by *Black Forest Clinic*. This is a German soap opera, set in a hospital, which Channel 4, for reasons best known to themselves (perhaps thinking "Nothing can be worse than *Chateauvallon*" – wrong again) have bought in an execrably dubbed version for transmission at 10.00 on Saturday nights, until Mr Grade starts tweaking. It makes *Dallas* look like *Citizen Kane*.

The other unimpressive opening episode also came from Channel 4. *Woman In View* never had much of a chance, being yet another of this channel's attempts to create a ghetto for "women's" current affairs, apparently in the belief that the subjects which women like cannot possibly appeal to men, and that women journalists, poor little things, cannot be expected to compete with men: both insulting assumptions. Any hope that, despite all this, a bright and different approach might save the series, collapsed when the opening item proved to be yet another moan-in about a Health Service story previously covered by the Press.

Tracey Ullman was better in *Three Of Kind* and *Kick Up The Eighties* than she is in *The Tracey Ullman Show* which BBC2 has bought from the US. Since she has married and moved to the States we cannot expect her to be working over here, but we are entitled to expect her to sort out her own identity: at present she is not sure whether to speak in broad American or the familiar nasal southern English, and that uncertainty spreads into her skits.

The unremarkable-to-average range of new series include Episode 1 of *The Contract* on ITV, a spy thriller about sending out a hard bitten young Englishman to bring an ageing Eastern bloc nuclear scientist across the border. The kit of parts is as familiar as the plot: film footage of European cities, the secret establishment deep in the English countryside, the handgun refresher course on the shooting range, and so on. Before Deighton, Fleming and le Carre started doing it to death 25 years ago it would have been quite interesting.

Dismissing a situation comedy after only one episode is never safe; too many have begun quietly and gone on to glory. But BBC2's *Clarence* needs to improve enormously if Ronnie Barker is to make anything of it. The idea seems to be to give Barker, the short-sighted removals man, every gag ever written for Mr Magoo, from talking to a pillar box to wrapping up the telephone and packing it in a tea chest. That alone is not enough.

Aids Now, another Channel 4 series, began with an episode in which the level of honesty was pretty much what we have come to expect on this subject from television. At the start we were assured that those who have died of Aids were "just unlucky" and, the programme repeatedly suggested that we are all equally at risk: a claim which my monogamous 73-year-old mother points out in fury is utter rubbish. The facts seem to be that by the winter of 1987 just 15 people had acquired Aids in Britain as a result of heterosexual activity, whereas the figure for homosexual men was 1,461. To describe that as "just unlucky" and to imply that everybody has an equal chance of catching the disease, is shameful journalism.

Moving up to the "really rather fun" programmes we came to *Hannay*, an ITV drama series inspired by the characters in John Buchan's books, with Robert Powell playing the title role, in a style somewhere between Boys Own Paper, Saturday morning cinema, and James Bond. There is one important structual error: while a faithful evocation of King, Empire, and a chap doing what a chap has to do will certainly work, and an expert spoof such as *Raiders Of The Lost Ark* will also work, the attempt to exploit the two styles alternately can be confusing. Still, you can hardly complain when the opening episode contains not one, nor even two, but three instances of chaps being manacled in a cellar as the tide rises.

It is no mere coincidence that the name of the best known magazine in the advertising business, *Campaign*, is also being used by BBC2 for its new drama serial. Advertising is the theme, and the central character is Sarah, one of those people who has swallowed whole the feminist belief that a woman's way to fulfilment is to ape men: abandon your children, desert your home, hire a servant to look after them for you, and join the masculine rat race. In the opening episode, written by Gerard Macdonald, actress Penny Downie did an excellent job of illustrating how the result harms everyone: neurosis and exhaustion for the wife, insecurity for the child, resentment for the husband, inefficiency for the advertising agency. So far as the advertising business is concerned this series, too, has its tongue in its cheek, and shows distinct promise.

As with *Clarence* so with ITV's *After Henry*: one must be cautious with the beginnings of sitcoms, but given that this has been such a great success on Radio 4, that the originator, Simon Brett, is now writing the television series, that Prunella Scales and Joan Sanderson have moved from the radio to the television series, and that this opening episode achieved much the same sad/funny appeal as the radio work, it does look set fair.

The opening episode of *The War In Korea* on BBC2 proved just how proficient television has become at presenting the history of modern warfare. The formula so brilliantly exploited in *The World At War* – archive newsreels, new interviews with survivors, and voice-over – was here improved by having the presenter, Max Hastings, deliver his script from suitable Korean vantage points. Those with a high regard for *M.A.S.H.* may well find it rising even higher in their esteem after this series which looks like being excellent.

Another documentary series, *Eyes On The Prize*, also on BBC2, but this time bought from America, re-tells the story of the fight for black civil rights. It has an oddly paradoxical effect upon events, sometimes making things seem extraordinarily distant, sometimes peculiarly recent, like looking alternately through the large and small ends of a telescope.

Harry Carpenter's series which follows that, *Sports Archive* promises to be one of the treats of the season, but I shall return to it at greater length in a later column on television sport in winter.

Another series I shall have to come back to is *The Modern World: Ten Great Writers*. Made by Melvyn Bragg for Channel 4, it raises once again the questions of where television stands, and where it should stand, in relation to the established arts. Nobody has done more than Bragg in using television to make the arts more accessible, and nobody has resisted more strongly the tendency among the Eng. Lit. brigade to react to television by turning fears into sneers.

However, watching the opening episode devoted to James Joyce and Ulysses, produced by Nigel Wattis and containing some highly enjoyable dramatisations, plus the ever lucid comments of Anthony Burgess, one was struck by television's inability to re-create the experience of reading the book. Yet in *The Singing Detective* Dennis Potter used television to much the same effect as Joyce used the novel.

Of course literature is a legitimate subject for television attention, but when will televison start addressing itself to "Ten Great Works Of Television?"

Love Songs/Cottesloe

Michael Coveney

Love Songs of World War Three is a National Theatre cabaret in the Cottesloe (two performances, the second last night) compiled by Adrian Mitchell from his own poetry and theatre songs. It is a most timely, revealing, oh yes, and enjoyable, collection.

Mitchell conducts his own tour round the lyrics, a denimed cherub of the 1960s innocence and iconoclasm, who owns up to prefer writing these days, for children. He gave up on adults when he clocked they were not listening. He celebrates liberation, revolt, a murdered supporter of Allende (Victor Jara), Jules Verne, Hampstead ("Twice a year a wonderful fair/You can see the working classes there") and such other nebulous topics and perennial stand-bys as Truth and Beauty.

He should by rights be a pain in the ass, but most certainly is not. Two reasons. First,as both writer and performer, he is untouched by cynicism, an increasingly rare virtue in a writer these days, whatever the cut of his jib. Second, and I am guilty of former under-valuations, he is a sensitive and poetic lyricist.

The stage is littered with buckets for which lines must be written. The least of these are a feeble Brechtian "fragment," "Der Bucketspiel," for which Mitchell unnecessarily dons a knitted designer tie. Elsewhere these buckets overflow with rousing choruses from the RSC *Marat/Sade*, music by Richard Peaslee, the pointed playground Blakean Edenisms of *Tyger*, music by Mike Westbrook, the comic exotica of *The Pied Piper*, music by Dominic Muldowney, the impatient lyricism of his latest work, a version of Zamyatin's great book *We*, once memorably adapted by Pip Simmons, and a futuristic classic, music again by Peaslee.

In all settings, he sounds the same voice, as much a tribute to his cooperative instincts as to his muse. Okay, flowers are buried beneath concrete. *Lilies of the valley* have a hard time in urban developments. But words and feelings find a real rhythm, and this instructive entertainment offers clues when Mitchell betrays his jazz orientation, most competently, in a jive jingle, a scat song. His expressiveness finds lift off in music.

He has worked profitably with two generations at the National, and, in between, at Richard Eyre's Nottingham Playhouse on the Jules Verne show here happily celebrated. One feels the best might yet be still to come.

This intriguing and impressive array of songs is beautifully performed by the author and a top class NT quartet: Patsy Rowlands, Diane Bull, Brian Hibbard (the mutton-chopped Flying Picket) and Sylvester McCoy. Matthew Scott is the clever pianist poised between buckets and a Rousseau-ish comic-strip jungle of free-standing scenery.

Sidewalk Edge/Shaw

Martin Hoyle

The tenth London International Mime Festival has opened at the Shaw Theatre in Euston Road with a shifting and elusive study in false relationships as hard to pin down as a drawing by Escher. The Dutch company Studio Hinderick plays the hour-long arabesque of obsession and frustration, cross-purposes and growing apart, on a sloping white-sheeted platform that tilts to become first a giant bed, revealing stout columnar wooden legs through gashes in which human arms beckon and faces peer (the Lowlands were the home of Bosch as well).

The sheet is eventually sucked into a hole and we see that the platform is a pavement, its flagstones dwindling towards us. This ambiguity characterises the whole performance: are they approaching or departing? Climbing or descending?

A voice-over reads the letters written by the main character to his friend Gerard. These concern the thwarted affection between himself and David, a young blond boy whom we have seen in flickering film at the play's opening, swimming, fishing, bicycling. The writer recalls their games, notably a mock-wedding which we finally see enacted, David in a wedding-dress carried over a make-believe threshold.

The tortuous relationship smacks faintly of *Lolita*. The narrator agonises over the nature of love, quoting St Paul to the Corinthians as he savagely whirls watering-cans of increasing size over the paving-stones. A puddle-shaped mirror is revealed as the glass through which we see darkly (here "in a mirror dimly" lacks the ring of the original); and most of the action consists of the protagonist's attempt to become a man and put away childish things.

The bland beautiful David whom we see naked but for a vest gazes fixedly, unchanging: an ideal congealed into obsession. Another naked young man throws a rope down the steep ramp to our narrator, a life-line which the older man is reluctant to take – representing maturity? Reality? The adult self?

No author is credited though Hinderick de Groot's artistic direction obviously dominates the company's work. What is certain, however, is that the set is a real star. The "stage frame," attributed in the programme to Nelissen Co, tilts, heaves, crumbles, throws up sand and rocks, from a sewage outlet spews stylised detritus including dummy bodies, and finally swells and subsides like a living, breathing organism. The performers are led by Gerard Pillen (the characters are not differentiated in the programme), and the whole intriguing, technically impeccable experience bears as much resemblance to the traditional mime of mimsy *feerie* and wistful clowns, mercifully, as *Starlight Express* does to *Salad Days*.

Park Lane Group/Purcell Room

Paul Driver

The Park Lane Group's annual January Young Artists and *20th Century Music recital* series is here again, all too familiarly, perhaps, as far as the audience is concerned (the concerts are more like a competition without prizes than a proper public event), but indispensably as far as the country's aspiring instrumentalists, singers and ensembles are concerned. The format is unchanged: an early and a later recital each evening for a week. Five ensembles of different kinds occupy the early (6.00) slot, no less than seventeen individual performers the 7.30 one. All the participants must play twentieth century music, and the PLG especially favours modern British music. As usual there are featured composers: this year Judith Weir and Thea Musgrave.

The earlier concert on Monday night was given by the Cambrian Brass Quintet, a group formed in 1981 and active in the Midlands. They began with a rather imprecise account of a *Fanfare* (1982) by Thea Musgrave, but steadily gained in tightness of ensemble and musical conviction as they progressed: Lutoslawski's *Mini Overture* had a certain spark, Stephen Oliver's *Ricercare No 5* (1986) – a quite strenuous exploration (the title is used in the sense of "to investigate") of the medium – was done with a reasonable amount of care (a bit more was needed), and Maxwell Davies's *Pole Star March* sounded breezily attractive and odd. There was no mistaking, though, the group's greater confidence with conventionally idiomatic items like Derek Bourgeois's *Seven Proverbs* and John Joubert's *Chamber Music* (1985).

The later concert was shared between pianist Steven Wray, oboist Ian Hardwick and percussionist Neil Percy. Steven Wray played an eloquent and forceful set of pieces, *An mein Klavier* which Judith Weir wrote for Michael Finnissy in 1980; then a piece by Robert Sherlaw Johnson, *Asterogenesis* (1973), which he made rough-grained and almost expressionisticallly flamboyant. Ian Hardwick and Neil Percy successfully collaborated in Harrison Birtwistle's curious and dry *rhythmic study for oboe and claves, Pulse Sampler* (1980), but more arresting to the ear was Hardwick's performance of *Niobe for solo oboe and tape*, composed specially for this concert by Thea Musgrave. A representation of Niobe's grief for her murdered children, in which the oboe is a suitably plangent Niobe, and the tape (full of baleful semitonal droops) vividly evokes the dark tragic context, it was brief, highly expressive, and paradoxically full of charm.

Fairfield Quartet/St John's

Richard Fairman

There are some nights when St John's can feel an unwelcoming hall and it may well have seemed one of them on Monday to the Fairfield Quartet: the audience was sparse and the acoustics took on that vast and empty ambience which makes the place seem so hostile to any music-making on an intimate scale.

For the players – all still young, but with some years of experience behind them – the task of creating an atmosphere of proper concentration is that much more difficult when the listeners are scattered in small pockets across the hall. The recital duly began uneasily. The opening Haydn quartet was not exact in intonation and it was some time before one felt that the quartet were working with, and listening to, one another.

When that point did arrive, however, their playing was impressive in its unanimity: the heavily accented chords that give the Maestoso of Shostakovich's Third Quartet its dramatic backbone call for decisive punch and the four bows here hit the strings as one. This was not as taut a structure as a great ensemble like the Borodin Quartet might make it, but equally there was no shirking the work's drama.

In each of the three works on the programme the quartet aimed for a distinctive sound, strikingly so with their Debussy after the interval. Despite further passing problems with intonation (do the acoustics confuse the sound on the platform as they do when it is relayed to the floor of the hall?) this was their most individual performance – a genuine attempt at a stylish interpretation of the French repertoire.

Tempi were swift; the balance of the textures was lean and clear in the best Gallic fashion. I would like to have thought that more attention had been given to detail than was easily audible, but there was no obtrusive point-making andthe players caught the music up in a spontaneous flow of movement. The standard of this quartet's playing is certainly deserving of more than just an audience of family and friends.

Arts guide

January 8-14

Theatre

LONDON

The Rover (Mermaid). Jeremy Irons roisters into town in the RSC's Swan production by John Barton of Aphra Behn's rollicking comedy. It plays in repertoire with the Chernobyl play, **Sarcophagus**, an urgent but clumsily crafted hospital drama set in a terminal radiation clinic as the first victims of the disaster are wheeled in. (236 5568/638 8891).

A Man For All Seasons (Savoy). Charlton Heston begs no favourable comparison with Paul Scofield as Sir Thomas More in a leaden production of a play best left to amateurs and schoolchildren. (836 8888).

Antony and Cleopatra (Olivier). Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life. Judi Dench and Anthony Hopkins are battle-scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. (928 2252).

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

NEW YORK

Fences (46th Street). August Wilson hit a home run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children' poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and over-blown idea of theatricality. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace). With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of *Pygmalion*, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British. (947 0033).

WASHINGTON

Light up the Sky (Arena). The revival of the Moss Hart comedy features theatre people waiting for the opening-night notices of their latest masterpiece. (488 3300).

CHICAGO

Passion Play (Goodman). Peter Nichol's clever twinning of the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13.

TOKYO

Kabuki (Kabuki-Za). Tokyo's main Kabuki theatre is celebrating its centenary with a year-long festival featuring perennial favourites and new works. The morning programme this month includes Kanchinjo, in which the wily servant outwits his master's pursuers. The afternoon programme has another popular piece, Sukeroku. Both plays are the property of the Ichikawa family whose kabuki lineage dates back 250 years and feature the current head of the family, Danjuro XI. Excellent earphone commentary in English. (541 3131).

Spring season at Sadler's Wells

London City Ballet will make it's debut at Sadler's Wells with a season running from March 22 - 26 which will include Solveig Ostergaard's production of *La Sylphide* as well as *Three Dances to Japanese Music*, choreographed by Jack Carter, *Giacossa Variations* (Istvan Herczog), *Romeo and Juliet* (Andre Prokovsky) and *Nutcracker Suite* (Peter Clegg).

Northern Ballet Theatre follows with Christopher Gable and Lynn Seymour starring in Gillian Lynne's ballet inspired by L.S.Lowry, *A Simple Man*, together with Suite Italienne (Amedeo Amodio), *Memoire Imaginaire* (Michael Pink) and *Swan Lake*.

Travelling Opera will also make its debut at the Wells from May 10-21 with *The Barber of Seville* and *The Marriage of Figaro*, both adapted by Artistic Director Peter Knapp.

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A new work for the London City Ballet *The Garden of Eros*, which will have its premiere in the autumn, will mark the debut as choreographer of prima ballerina Marguerite Porter as well as the debuts as costume and set designers respectively of milliner David Shilling and American artist Robert Heindel.

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Wednesday January 13 1988

New ways to pick winners

LORD YOUNG'S white paper on the future of the Trade and Industry Department is peppered with rhetoric about enterprise, efficiency and industrial self-help. As a blueprint for the department in the 1990s, however, it is not wholly convincing. After reading its 40-odd pages, one is tempted, like Walter Mondale, to ask "where's the beef?" There is much vague language that would have civil servants of the old school turning in their graves : what does it mean to say, for example, that the department should champion all the people who "make it happen"?

British industry is still beset by many problems : productivity is between a half and a third lower than that of its competitors; private sector spending on R and D and training is low; few companies can claim to be world leaders in their sectors; the regional spread of industry is exceptionally uneven, with head offices, jobs and purchasing power concentrated in the South-east. These problems are not amenable to instant solutions, but it is not obvious that the new-look, low budget department, henceforth also to be known as the "Department for Enterprise", is in all instances using its limited influence in the right way.

Token recognition

The proposals for regional policy look especially ill-judged. The Government has steadily reduced support for the regions since 1979. Lord Young is going further even than Mr Norman Tebbit in 1983 and abolishing regional development grants, which provide automatic assistance for companies if they invest in depressed areas. In future, companies will get money only at the discretion of civil servants. What are needed are non-discretionary incentives focused on labour rather than capital. The shift towards discretion, which is really a euphemism for "picking winners", is likely to dissuade some companies from even considering a move out of the prosperous South-east. It contrasts with a welcome shift, in technology policy, away from discretionary support for specific projects.

Lord Young lays considerable emphasis on his "business development" programmes. Small and medium-sized companies, he believes, do not make sufficient use of outside management consultants. The solution is to be public sector intervention on a fairly large scale. The department proposes to pay half the costs of private sector consultancy projects in a wide range of "key management functions". In token recognition of regional difficulties, the subsidy in assisted and urban programme areas will rise to two thirds of the consultant's fees.

The consultancy initiative will encourage "self help through critical self-analysis" : it is thus a sort of business therapy course for small companies. Many may benefit from outside counselling; but it must be questionable whether a public subsidy is appropriate.

Fundamental reform

The white paper, while advocating reliance on market forces, accepts that the Government cannot "stand by as a passive observer". It should intervene actively to prevent free markets coalescing into cartels and monopolies; Lord Young accepts that existing restrictive trade practices legislation contains "fundamental weaknesses" and requires thorough-going reform. The welcome intention is to introduce new legislation, compatible with EC law, that directly prohibits anti-competitive agreements. Private agents harmed by restrictive agreements should find it easier to sue for damages.

The toughness does not appear to extend to merger policy. The recent practice of plea bargaining between the parties to an unacceptable merger and the Director General of Fair Trading looks like getting legislative backing. The idea is that if the parties agree to suitable, and legally binding, divestments, the director general will advise the Secretary of State not to make a reference to the Monopolies Commission. Behind the scenes horse-trading may not, however, be the best way to decide complex issues of market structure, especially given the small staff of the OFT. There is a danger that Lord Young's eagerness to speed decisions and remove obstacles to business will be at the expense of quality in the execution of merger policy. A more fundamental reform of mergers policy, and of the institutions involved in it, is still awaited.

Second chance for Haiti

THE PLIGHT of Haiti should prick the conscience of all nations which care about democracy. It is one of the world's most impoverished nations, the population of which has long been subjected to appalling abuse of basic freedoms and risks being cheated yet again of a free and fair election.

Although Haiti is small and vulnerable to external pressure, regrettably few effective measures have been taken to back up the sense of outrage displayed over last November's aborted elections, which were deliberately sabotaged by violence encouraged by the military-dominated provisional government.

This ineffective response has enabled General Henri Namphy, the provisional military ruler, to arrange for a new set of elections on January 17 largely on his terms. The independent electoral council has been disbanded, creating the uncomfortable impression that the regime will ensure the victory of a tame candidate. Thus the leading opposition candidates have felt obliged to boycott the proceedings.

Popular unrest

The international community has done little more than wring its hands. Haiti's Caribbean neighbours have squandered a potentially useful role amidst unseemly bickerings.

The US finds itself in a peculiar position over Haiti. The Reagan Administration played very little part in ending the Duvalier dynasty. It was never quite sure how to treat this insular, right-wing and francophone dictatorship. Nevertheless, Washington was quick to appropriate credit for the wave of popular unrest that ousted Baby Doc. The event was presented as a successful demonstration of US-backed popular movements overthrowing dictatorships.

In spite of such public endorsement for democratic change, the US concern was to ensure Haiti did not become another trouble spot like Nicaragua. Haiti, however, has proved a remarkably self-contained problem, not even affecting the Dominican Republic, its neighbour on the island of Hispaniola.

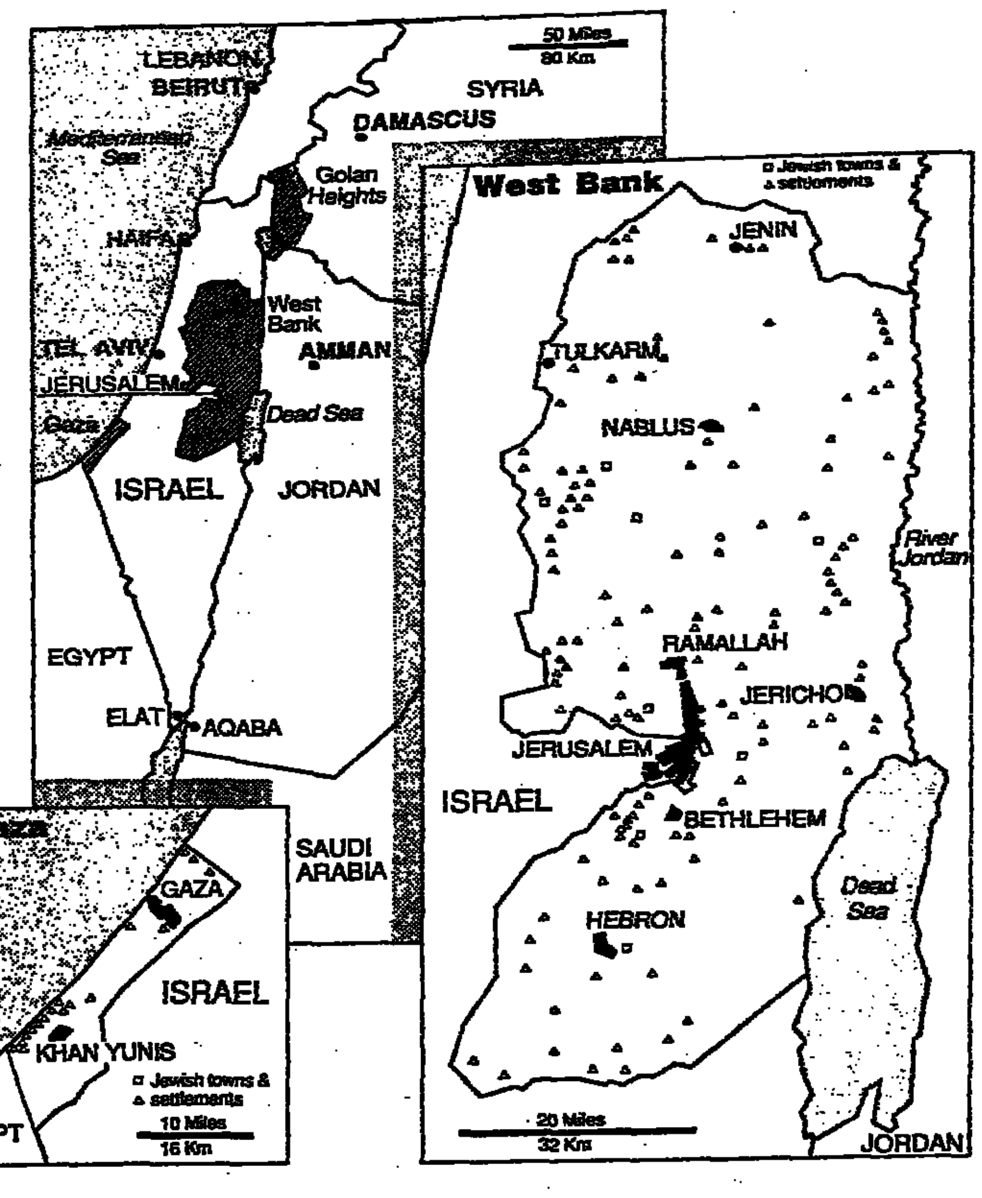
Defenceless poor

In a sense Haiti illustrates how President Reagan's room for manoeuvre is circumscribed when vital interests are not at stake. The US did not like the growing social unrest and violence in Haiti under Gen Namphy but preferred to continue backing him to avoid a power vacuum and even more of a bloodbath. But this policy encouraged the military and the Duvalierists to believe they could sustain themselves in power. There could have been no greater flouting of US wishes than the calculated disruptions that forced the elections to be cancelled.

The US has been right to suspend all military and economic aid save essential foodstuffs, although this measure ultimately harms Haiti's defenceless poor more than the rulers. Such censure on its own will not persuade those with the guns to surrender their privileges. The latter now clearly hope the new elections will produce a civilian president of their choice, whom sooner or later Washington will recognise. Washington must make it absolutely clear that, even though there have been last minute attempts to exclude former Duvalier sympathisers from running for office, the present election formula is unacceptable. Other countries, especially Haiti's neighbours, must do the same.

Andrew Gowers reports on the impasse between Israel and the Arabs in the occupied territories

Gaza's turmoil reinforces the status quo



PASSIONS IN the Israeli-occupied West Bank and Gaza Strip become daily further inflamed, amid a hail of rocks thrown by one side and live ammunition fired sporadically by the other. With the disturbances now well into their fifth week, a dialogue that might ease the tension seems further away than ever. The Israeli Government insists that there can be no possibility of talks until the trouble has died down or been suppressed. In any case, lines of communication do not exist between the authorities and the demonstrators, who still seem to be acting largely in spontaneous rage.

Any serious thought about the long-term problems facing Israel and the territories has for the moment been eclipsed by the unrest. If it continues, there is a danger that the Israeli general election next November, which some had hoped would focus on these problems, will instead be fought in an atmosphere of alarm and concentrate solely on questions of law and order.

So far the trouble has produced a perceptible rightward shift in public opinion, which appears to be giving unqualified backing to the firm line taken by Mr Yitzhak Rabin, the Defence Minister. In short, the disturbances are strengthening the already powerful forces maintaining the status quo.

They have reinforced the National Unity Government, which has ruled Israel since 1984, in its agreement to disagree about the future political status of the territories. If the election were held tomorrow, most observers believe that another grand coalition between the Labour Alignment of Mr Shimon Peres, the Foreign Minister, and the right-wing Likud bloc led by Mr Yitzhak Shamir, the Prime Minister, would result.

The National Unity Government has proved popular, not only because it got to grips with pressing problems like the economy and withdrawal from Lebanon, but also because it has reduced the ideological strife among Israelis over the future of the territories and over the very identity of the Jewish state which prevailed under Mr Menachem Begin, the former Likud Prime Minister.

"The tendency of current events is to confirm people in what they believed before," said one seasoned member of the Knesset. Labour speaks – though not too loudly these days, for fear of being seen as soft – of the need for an international conference on the Arab-Israel conflict to reach some kind of territorial settlement. Likud insists on eternal Israeli sovereignty over the territories and calls for direct negotiations with Palestinians over limited self-government.

Both agree – whether on grounds of security or from a belief that the West Bank and Gaza are historical parts of Eretz Yisrael (Greater Israel), that there can be no question of a withdrawal to anything resembling the pre-1967 borders.

The truth is that, despite all the international calls for a political solution, there is little immediate pressure on Israel to break the stalemate. The Government is undoubtedly concerned about the criticism of its handling of the riots from friends like the US and Britain, and about the wide coverage recent events have received in the foreign media. But it can live with that, as it has weathered calls for an end to the occupation over the last 20 years.

> 'The choice for Israel is not between good and bad but between bad and worse.'

Israel's key foreign alliance – with the US – remains rock solid. The Reagan Administration has just provided another $3bn (£1.6bn) in economic and military aid, proclaiming the relationship "unshakable."

At home, many Israelis are worried about the moral problems being created for their democratic state by its rule over nearly 1.4m disaffected Arabs without political rights and by the brutalising effects of maintaining an army of occupation. But the problems in the territories affect daily life in Israel proper to a remarkably limited extent.

Apart from the 68,000 Jewish settlers and from people doing military service, Israelis rarely visit the territories and recent events scarcely present a threat to Israeli control. Although 34 Palestinians have died in the last four-and-a-half weeks of rioting, there has not been a single Israeli casualty. The total number of troops used to contain the trouble in both the West Bank and Gaza is no more than a couple of thousand. Continued occupation also brings undeniable economic benefits to Israel in the form of cheap Arab labour and a captive market, as the territories have become progressively absorbed into the Israeli system.

It is this combination of political immobilism and growing economic integration that lies at the heart of the current unrest. In the absence of any semblance of a "peace process," Palestinians have become convinced that the occupation looks less like the temporary affair it is always proclaimed to be than an undeclared annexation. Consider the economic facts, as reported by the authoritative West Bank Data Base Project:

- In strike-free times, 120,000 Arabs from the territories are estimated to go to work in Israel every day. They are not officially allowed to stay overnight. They pay taxes and social security contributions in Israel but are not entitled to the same welfare benefits as Israelis, thus generating a net surplus for the Israeli exchequer.
- One third of the territories' total disposable income is reckoned to be derived from outside, mainly from salaries earned in Israel.
- The territories are now Israel's second largest export market after the US, absorbing an estimated $780m worth of goods in 1986 and producing a surplus for Israel of $491m.
- The territories' per capita gross national product is less than a quarter of Israel's.

The territories have become closely involved with the Israeli economy, but on unequal terms. Indigenous economic activities such as agriculture have gone into sharp decline. Gaza, which used to have a thriving citrus industry, has had half its citrus groves uprooted in the last 10 years,because of Israeli-imposed marketing restrictions. The West Bank, which used to be a net exporter of agricultural products to Israel, now imports more than it sells.

This is not to say that people in the territories are impoverished compared with what they have known. Indeed, Israel makes much of improvements in the "quality of life" since it seized Gaza from Egypt and the West Bank from Jordan in 1967. In Gaza, per capita income was $80 a year under Egypt; it is now $1,200. The West Bank now has three universities; under Jordanian rule it had none.

But all this misses the essential point, for a sense of economic dependence together with rising prosperity and more widespread education can have perverse political effects. In the case of the occupied territories, these trends, far from encouraging grateful acceptance of Israeli rule, have fostered Palestinian nationalism.

Mr Sari Nusseibeh, a professor at Bir Zeit University on the West Bank, explains: The more we integrate, the more we feel the need to assert our separate identity to compensate."

In a curious way, the nature and values of the Jewish state have rubbed off on Palestinians as they have become familiar with Israel. Although they enjoy greater political freedoms than their brethren in most Arab states, they compare their economic and political lot with that of the Israelis, and find it wanting.

The present revival of hostility between two competing brands of nationalism is thus scarcely surprising. What renders it deeply disturbing to some Israelis is the demographic background against which it is being played out. At present Jews outnumber Arabs in Israel and the occupied territories by a ratio of 63 to 37. But there is a marked difference in the age structure and rate of growth of the two populations. In 1985, for example, there were 81,000 Arab births against 75,000 Jewish ones. This means that at some stage early in the next century, almost no matter what the level of Jewish immigration into Israel, Arabs will begin to outnumber Jews.

The significance of this for Israel, divided as it is over whether to annex the territories or to negotiate withdrawal from them, cannot be overstated. Annexation would merely present the Government with another unhappy choice: between trying to incorporate the territories' Arab population into its political system, hence losing its status as a Jewish state, or maintaining the Palestinians as a subject people and abandoning Israel's claim to be a true democracy.

Mr Shamir and his Likud colleagues, while preaching sovereignty over the territories, try to get round that problem by promising negotiations on Palestinian "autonomy." But it remains extremely unlikely that this will prove acceptable to a Palestinian movement demanding full national rights.

The alternative, full or partial withdrawal and partition of Palestine, raises difficulties of its own. Opponents argue that it would place vital Israeli strategic centres within easy reach of attack; that the West Bank could become a hotbed of terrorism; that it would bitterly divide an Israeli state that has had much more cohesion and pride since the victory of 1967; that there is no guarantee that withdrawal would satisfy the Arabs; that the problem of Jerusalem, which Israel regards as its indivisible capital, is insoluble.

All these arguments have force. But Mr Yehoshafat Harkabi, a professor at Jerusalem's Hebrew University, who used to be a hawk in military intelligence and is now arguing strongly for a negotiated settlement, says they are outweighed by the demographic argument. He maintains this is not a matter of morality for Israel but ultimately one of survival.

"The choice for Israel," he says,"is not between good and bad but between bad and worse. A country can defend itself if it has bad borders, which we would have if we withdrew. It cannot if half its population owes allegiance to the enemy."

Mr Peres, the Labour leader, is well aware of these points, which is why he has been pressing – albeit forlornly – for an international conference leading to direct talks with Israel's neighbouring Arab states. Abroad, the idea is seen as the only way out of the present impasse. It is only in Israel that it has failed to catch on – and there is no sign of the public mind changing this year. The tragedy of intercommunal strife is evidently set to run for several more bloody acts.

OBSERVER

No blushing at Burton

■Fiona Wright, the model, beats Department of Trade and Industry investigators for pulling power. Numbers at yesterday's annual meeting of Burton Group were more than halved from the 2,000-odd who flocked there a year ago when the kiss-and tell stories about chairman Sir Ralph Halpern's private life were at their height.

Those who did make the trip to the chandelier-hung Grosvenor Hotel in London's Park Lane seemed unperturbed by stories that DTI officials had been given powers to require the high street retailer to produce any books or documents they might want to see. Sir Ralph made a brief statement on the matter, but the only further passing reference came from Mr Leonard Bash, a private shareholder whose appearance at Burton and Marks & Spencer annual meetings has become as inevitable as the events themselves.

Other matters seemed much more pressing. Why had Burton abandoned the £5 Christmas bonus paid to former employees, demanded one pensioner, given that directors themselves were enjoying "such grossly indecent salaries"? Sir Ralph replied that Burton pensioners had done progressively better over the years and reiterated his homespun philosophy - "if you achieve something, you get something".

Shouldn't Debenhams run a delivery service, asked a lady from Tunbridge Wells, before launching into a sad tale about creased curtains ? What about women board members ? What about US expansion ? What about mail order, given Next's and Sears' expansionary moves ? And why, oh why, was Harvey Nichols being undercut by Harrods and Dickens & Jones ?

Wrong Clothing

■Denis Healey's old line that being attacked by Sir Geoffrey Howe is like being being savaged by a dead sheep has been doing the rounds in Tokyo while the British foreign secretary has been visiting. However, some Japanese people may not have understood precisely the connotations of the remark. At the Japan Press Club yesterday where he was to give a speech, Sir Geoffrey was described by the chairman as the "soft wife of the iron lady." A startled Sir Geoffrey retorted that he did not want anyone to be in doubt about his masculinity, and suggested he would rather be known as her "robust partner".

Stevie Wonder

■Viscount Etienne Davignon, 54,the new non-executive chairman of Dillon, Read Ltd, has a habit of standing tantalisingly close to the centre of power yet never quite on the top of it.

Nicknamed Stevie Wonder during his two terms as a European Commissioner, first for industry and later for energy and technology as well, his main job recently has been as an executive director of Societe Generale de Belgique (SGB). This gives him a hand in running Belgium's largest industrial holding company, seen by many as the country's shadow government, even if it is rather more stable than the real one.

He learned his negotiating skills as policy director for the Belgian Foreign Ministry, later becoming the outspoken first chairman of the International Atomic Energy Agency in 1974. He moved to the Commission in 1977, where he was instrumental in building the Esprit programme for collaborative research in information technology. But he is better known as the man who set up the EC's steel crisis regime and cajoled Europe's reluctant steelmakers to close more than 30m tonnes of surplus capacity.

All those skills and more should be needed at Dillon, Read which nowadays is a bit of a hybrid, half-owned from New York, with European shareholders, but based in London. As a recently elected member of the International Council of the London Stock Exchange, he has been coming to the City about once a month. There are no great plans to change that and some of the business will be conducted from London and Paris. It is denied all round that he will be simply a figurehead. Unkinder comment is that Dillon, Read has no natural business base and he will have his work cut out to establish one.

"It's Nicholas Ridley frightening the birds with his privatisation plans."

Fletcher's cuts

■In pairing themselves to campaign for the abolition of the Inner London Education Authority, Michael Heseltine and Norman Tebbit, the Tory backbenches' two finest prima donnas, will pit themselves against a man who sings pianissimo: but with clarity.

Neil Fletcher,43, replaced Frances Morrell (herself given to a coloratura style) as ILEA leader in May last year in a swift coup. In less than nine months,the soft-voiced Fletcher has put himself at the head of a movement to shift the Authority from its perceived position as an unresponsive, union-dominated, faddish bureaucracy to one in which the customers - parents and children - were given pride of place and headmasters given support, resources and a respite from progressive circulars.

A speech at the Labour Party conference outraged the teaching unions by saying they were obstructive to change: it outraged some of his colleagues, too, in its explicit downgrading of the importance of progressive symbolism in favour of an emphasis on teaching the basics and restoring discipline. He is confident that ILEA has strong parental support: a recent MORI survey of Westminster parents showed general satisfaction - much to Fletcher's pleasure, since the borough is in the van of those signalling it will opt out once the Education Reform Bill passes into law.

This week sees him recommending a budget which would cut £65.5m, or 6 per cent, of the ILEA's £1.1bn annual spend - a cut which would mean a reduction of 6000 full time posts. It's a manoeuvre: the Government insists on a £144m cut, or more than 13 per cent, and the ILEA figure is its last "offer". If that's rejected, Fletcher warns, the cuts demanded could reduce the capital's education to New York-like chaos.

Tail Wag

■Battersea dogs' home to caller: "No this is not a home for abandoned yuppies."

Paul Betts meets Gustave Leven, the publicity-shy chairman of Perrier

Bubbling over in a healthy market

IT WILL go down in history as one of the great missed opportunities of British industry this century. After inventing the green club-shaped Perrier bottle nearly 85 years ago, the British owners of the famous sparkling water spring in southern France sold the business back to the French just after the Second World War.

The man who bought it was a former Paris stockbroker, Mr Gustave Leven. Over the last 40 years he has transformed Perrier into a enviably profitable international company, described by some as the IBM of the mineral water industry.

"When I first visited the Perrier plant at Vergeze, it was a shambles. There were broken bottles everywhere. Everything was done by hand. But I immediately thought this was a golden opportunity," said 72-year-old Mr Leven in a rare interview last month. "It struck me at the time that all you had to do is take the water out of the ground and then sell it for more than the price of wine, milk or for that matter oil. I decided I had to buy the business myself and never sell it ever again."

Since then, concentrating with single-minded determination on the business he known best, Mr Leven has continued to expand Perrier's dominant position in the world mineral water market, at times against the advice of international experts and management consultancy firms.

With nearly 55 per cent of the French bottled water market and between 25-30 per cent of the US market, Perrier is now the undisputed leader of the mineral water business. Today the company exports its green bottles to 120 countries around the world and controls a wide range of other springs in France including Vichy-St. Yorre and the still water springs of Contrexeville and Volvic. It also owns a number of springs in the US with colourful names like Calistoga, Great Bear, Oasis, Ozarka, Poland Spring and Zephyrhills. After its $450m (£247m) acquisition of the US Arrowhead Drinking Water company from Beatrice Foods last year, Perrier has seen its US annual sales double to nearly $600m.

In the UK, where Mr Leven also sees enormous potential for development, Perrier has recently acquired Buxton spring in Derbyshire. "The UK market for mineral water is growing by about 50 per cent a year. After the US, it is the second most promising new market for bottled water," says Mr Leven.

Perrier's success is shown in the steady rise of sales and profits during the past few years. From FFr 2.4bn (£240m) in 1980, sales have grown to nearly FFr 12bn in 1986. Net profits have also increased at roughly the same rate from FFr 78m to FFr 312m during the same period.

Mr Leven's involvement with Perrier started by accident. "In 1946 I was working for my father as a stockbroker when he asked me to find a buyer for Perrier which the British wanted to sell," Leven recalls. "I telephoned Sam Bronfman, the Seagram chairman, whom I knew quite well, and asked him if he was interested. It was February and he told me: 'I will come in the fall, keep it for me'." Leven took the answer to mean Bronfman was not interested.

A few months later, he decided to visit the famous spring which had been owned by Lord Harmsworth, the newspaper publisher, until 1936 and subsequently by other British interests. "After seeing the potential of the business, I bought the spring with four close friends and we took it over in 1948," explained Leven.

The little green bottles were marketed with the irresistible slogan "the champagne of table waters" and sales in France began to grow. In 1948, the spring employed 1,000 people to produce about 10m bottles a year. By 1952, it was already producing 150m bottles.

After heavy investment to achieve maximum automation — including not only a modern high-technology bottling plant but also a glass manufacturing facility on the site of the Vergeze spring — Perrier production has shot up to 1.2bn bottles a year. If all the other bottled water operations subsequently acquired are included, the group's total production has now reached 4bn bottles a year.

After transforming Perrier's position at home, Mr Leven turned his attention to the US. "When I started looking at the American market in 1976-77, everyone told me it was madness," he says. "I paid consultants to prepare market studies and all their conclusions were that it was not worth expanding in the US. The Americans, they said, will never drink mineral water and the market simply did not exist in the US."

But Mr Leven was in New York at the time and noticed that there seemed to be no alternative to alcohol or sugary soft drinks like Coca Cola except for iced tap water with a strong flavour of disinfectant. "I concluded that there was clearly room for Perrier in the US whatever the consultants might have said."

Launched with great show business eclat, Perrier soon became a fashionable alternative to the traditional cocktail for diet- and health-conscious Americans. Perrier today accounts for about 85 per cent of all imported water in the US. Despite the dollar's weakness, Mr Leven says the US bottled water market continues to offer big growth opportunities for Perrier. Over the next five years, he expects the market to grow by at least 20 per cent a year in volume. "The US market is the French market 40 years ago," he says.

Indeed, despite the stock market crash, mineral water businesses are continuing to attract prices of two and a half times sales in the US. On that basis, Perrier's US operations alone are currently worth about $1.25bn.

Unlike other leading French food and drinks group, Perrier has never been tempted by large-scale diversification. It has a leading position in the Roquefort and French vintage blue cheese market, but otherwise Mr Leven has always regarded mineral water as the group's core business.

He explains that large volumes are crucial in the bottled water market, and he expects it to grow even faster in coming years as consumers become increasingly health and pollution-conscious. "There is never any recession in the mineral water market," says Mr Leven. "Even at times of economic crisis, demand for mineral water continues to expand normally. In 40 years, we have always been short of stock at Perrier."

Mr Leven remains very much in charge of the company's lean management: "decisions are taken in five minutes and no one spends any money without my approval," he says. He scoffs at recent takeover rumours. Control of the company is now shared by Mr Leven (with just over 25 per cent of the shares) and the Exor group (with roughly 25 per cent). Exor, a holding company controlled by the Metzelopoulos family (a French-based family with interests in vineyards and property) reached an agreement with Mr Leven about four years ago to keep control of the company stable and secure.

Mr Leven has also sought to ensure long-term shareholder loyalty by generous dividends and a determination not to dilute equity by a string of paper acquisitions. Indeed, Mr Leven proudly points out that he has always paid cash for his acquisitions and big investments. Only companies where the management does not own much of the equity find that new share issues are the most attractive way to finance expansion, he maintains.

But Mr Leven has had his share of failures. A new still water called Charier, pitched against the popular Evian brand owned by the French BSN food group, flopped badly in the 1960s after a misjudged marketing campaign. But such setbacks have been few and far between. Mr Leven sums up the reasons for his optimism: "We've never been better than we are now. We are the leader in a market in full expansion with more and more people drinking mineral water."

UK public expenditure

Full of facts and figures signifying nothing

By Malcolm Levitt

THE Public Expenditure White Paper (PEWP), due out next week, will tell us more about what the Government is spending than what we are getting for our taxes of approximately £7,000 per household this year. It will relate numbers of civil servants, teachers and policemen, but it will not tell us what we really need to know – what all these people are producing.

It can be genuinely difficult to define what public servants are meant to be producing. Government does not operate in a vacuum: a host of social and economic factors outside its control make it difficult to measure the effect of public spending alone. And successive governments have avoided greater precision about their objectives because it provides criteria not only of success but also of failure.

But all is not lost. Most public servants do things which can be measured, and modern quantitative techniques enable us to allow for the impact of socio-economic factors and to concentrate on government performance.

In the past four years the Treasury has been trying to switch the focus of the Whitehall debate away from concern with inputs – what is being spent – towards outputs – what is being achieved. Nowhere was this more vigorously brought to public attention than in the winter of 1984/85 when the commitment to the Nato target of 3 per cent real growth in defence spending beyond 1985/86 was dropped. After that, defence effectiveness was to be maintained by more vigorous pursuit of value for money in the Ministry of Defence's £8bn procurement programme.

In all government services, the emphasis was to be on improved economy, efficiency and effectiveness, as laid down by the Government's Financial Management Initiative (FMI), which requires better information not only about costs but also about objectives and how far they have been achieved.

To comply with this there is much talk of performance indicators. It is claimed that the 1987 PEWP has 1,800 of them. What it mainly has are numerous statistics on numbers of employees (civil servants, doctors, teachers, policemen): but these are inputs not outputs.

Then there are measures of processes, such as the number of trainees on various Manpower Services Commission courses; but how many found related jobs?

The Department of Education and Science chapter shows how pupil-teacher ratios have fallen; but how much of this is because local authorities have been slow to close down school places in the face of falling rolls?

The chapter on the National Health Service shows increased spending and cost-saving improvements in efficiency. But to what extent have resources simply grown

Pupil-teacher ratios have fallen; but how much is due to a slow reduction of school places?

in response to an ageing population? Hospital length of stay per in-patient is falling; but what is the picture after deducting patient re-admissions and what is happening to waiting times for surgical admissions?

The Home Office chapter shows the increase in crime, policemen and crimes cleared up; the data shows that both the proportion of all crimes cleared up and the number cleared up per police officer have fallen since 1980.

It is hard to escape the conclusion that the spirit of the FMI has some way to travel.

However, last year's PEWP contains two developments and it will be interesting to see what the next one does to further these.

The DHSS social security chapter provides data on staff productivity in terms of a workload index, administrative costs as a percentage of benefit spending, clearance times and error rates for benefit payments.

Recently published research* which compares the staff workload and unit costs of the DHSS, Inland Revenue and Customs with those of clearing banks and insurance companies suggests that the public administrations concerned compare reasonably favourably with their private counterparts.

Routine processing is also a prime feature of MOD support services, which feed and move troops, pay invoices, overhaul vehicles and so on. The manpower concerned accounts for a quarter of the civil service. Much of what they do has private sector analogies and data on workload, unit costs and clearance times should be provided.

There is a similar paucity of performance assessment when it comes to locally provided services. The Home Office chapter refers to the development of performance indicators on the costs and workloads of courts (expenditure £180m). But there is no mention of comparable performance indicators for the police (expenditure more than £3bn) or local education authorities (£12bn).

To tackle such tasks involves statistical analysis of resources and local socio-economic conditions. The study cited above shows that although a 1 per cent increase in police manpower provision improves the crime clear-up rate by 1.3 per cent, almost a quarter of police forces could improve their clear-up rates by about 10 per cent simply by becoming more efficient.

The annual PEWP is the central means by which the Government tells us what is being achieved and how efficiently. It needs to tell us a good deal more if we are to be sure that we are not still just throwing money at problems.

**Growth and Efficiency of Public Spending, M S Levitt & M A S Joyce, NIESR, Cambridge University Press.*

The author is a senior consultant with Ernst & Whinney and was formerly a senior economic adviser to the Treasury.

Letters to the Editor

No case for leaving CGT

From Mrs Judith Chaplin.

Sir, In your leader last Friday (January 8) you urged the Chancellor to be bold in his reform of taxation, but to ignore calls from the Institute of Directors and others for the abolition of inheritance tax and the scaling-back of tax on capital gains, in order to show "a commitment to fairness and efficiency."

Capital gains, you argue, should be taxed as far as possible like ordinary income, while inheritance tax should be designed to cause the break up of large fortunes, thereby encouraging the diffusion of capital and efficiency of its use.

In the 1970s, redistribution by taxation was a popular notion. But as Professor Sandford pointed out in his article the day after your leader appeared: "High marginal tax rates did not achieve the hoped-for reduction in inequality because they could be avoided and evaded – and the distortions they generated hindered economic growth." The notion is as erroneous when applied to capital taxation as it was when it was applied to income tax.

Inheritance tax may or may not be capable of breaking up large fortunes (probably not, for the owners of large fortunes are adept at avoiding such consequences), but it certainly does not achieve a diffusion of capital in private hands. Its main effect is to discourage the accumulation and passing on of modest sums which are required for private investment and the generation of new business, and which represent a genuinely wider distribution of the nation's wealth.

Capital gains which are, in effect, trading gains should be taxed accordingly, but is there really any case for taxing the growth in value of capital funds? Leaving aside the fact that three-fifths of the yield of CGT is not from an increase in real value, but from nominal gains arising from the inflation of 450 per cent between the introduction of CGT in 1965 and the indexation of gains in 1982, a capital gain is capitalisation of an increase in future (generally taxable) income.

If you tax the capitalised value as well as the income, there is double taxation. Nor is there clear evidence that the abolition of CGT will lead to income tax payers turning their taxable income into non-taxable gains, as you suggest; other developed countries manage satisfactorily without it.

The fair and efficient working of a capitalist society depends on the accumulation of capital in as many hands as possible. This will not be accomplished by high taxation, any more than high rates of marginal income tax led to greater equality of incomes.

And at a time when rates of personal tax are being reduced, there is no case for leaving CGT where it stood when it was introduced in 1965, when the basic rate of income tax was the equivalent of 41 pence in the pound.

Judith Chaplin,
Head of Policy Unit,
Institute of Directors,
116 Pall Mall, SW1

No wonder MPs are camera-shy

From Mr Peter Stockill.

Sir, You point out that MPs are reluctant to admit television cameras to the House of Commons ("The Camera-shy Commons", January 3). This reminds me of the first time I heard radio broadcasts from that chamber.

I was studying politics at university at the time, and waited eagerly with fellow students for this first broadcast. When we heard the incessant shouting and bawling we were shocked. We had no idea that legislation emerged from such chaos. Worst of all, we felt betrayed. We ourselves were showing much more respect for Parliament than MPs who, we felt, had let us down.

There was far more civility in the debates of our students' union than on the floor of the House of Commons. Anyone who shouted was ejected. (This was at a time when students were regularly condemned for their allegedly unruly behaviour in demonstrations. Instead of setting the police on us, perhaps the authorities should have sent riot squads into the House of Commons).

It is little wonder that MPs are wary of being televised. If cameras were admitted, it really would be Whitehall farce.

Peter Stockill,
8 Barsby Green,
Berwick Hills,
Middlesborough,
Cleveland, Yorkshire

Market makers are too isolated now

From Mr Tom Wilmot.

Sir, I am confused and astounded by the weakness of the UK stock market. With a strong currency, a buoyant economy, low corporate and personal tax rates and reducing unemployment, one would expect share prices to reflect the world decline, but not to be devastated.

Are the huge declines we are seeing an indication of a massive future reversal of our economy, a lack of liquidity, or do they simply reflect a lack of communication and experience in the market makers?

With the removal of the market floor, our market makers live in isolation. They do not have the opportunity to talk to – and gain confidence from – the older "jobbers," who used to be a feature of the market floor. These experienced professionals knew the risks of a market place, and were aware, also, of a market maker's responsibilities. Their first responsibility was to ensure orderly markets by absorbing risk, either "bull" or "bear," to steady the dramatic gyrations of the simplistic laws of supply and demand.

I suggest that our new breed of market makers, lacking communication with their elders, can only respond to the dictates of the banks – risk adverse – which control their companies. The result is American-like gyrations accelerated by inexperience.

Our market place has fallen further, in the recent reversal, than anywhere else in the world. Unless there is a catastrophe around the corner, I can see no reason for this other than inexperience. Please, Sir Nicholas Goodison, let us have the market floor back.

Tom Wilmot,
Harvard House,
95 Southwark Street, SE1

Who shall fix those who 'fix'?

From Mr Martin K. Walford.

Sir, It has recently been asserted that there is an offence, known to the law of this country, relating to conspiracy to "fix" a market.

It is tempting to enquire whether or not the concerted action of the central banks in the foreign exchange markets does not amount to the same evil - if it be an evil.

Perhaps the obvious derisory response which would presumably be given to such an enquiry is, in fact, a fair statement of the realistic positon concerning whether or not such an offence really exists. Or is there one law for individuals and another for large central government institutions?

Martin Walford,
Wedlake Bell,
16 Bedford Street,
Covent Garden, WC2

Children of the streets

From the Director of Centrepoint Soho.

Sir, I would like to thank the many FT readers who responded so generously to John Lloyd's article of December 19 on the work of Centrepoint Soho, "Children of the Streets."

It seems certain that 1988 will see more young people with no home of their own; lost, frightened and destitute on the streets of London's West End.

If you are young and homeless, the West End is a very dangerous place. However, thanks to the support of people such as your readers, Centrepoint can offer safety and shelter to some of these young people. We are extremely grateful.

Nicholas Hardwick,
Centrepoint Soho,
33 Long Acre, WC2

Not the same as defending free trade

From Mr Andrew Gibbons.

Sir, To propose transparency in trade policy to assist debate is not the same as defending free trade, a distinction your correspondent Mr Harry Shutt (December 21) should note.

He suggests that no "politically independent" review body would be capable of objectively assessing the economic costs of trade protection; this is at best naive. Since he also implies that calls for greater transparency in trade policy are merely motivated by the interests of "large multinational companies", we may be forgiven for concluding that he approves of the present range of trade interventions and associated benefits to particular groups, despite the costs imposed on the larger populace, and would prefer these not to be further discussed.

Surely, political discussion on what is appropriate trade intervention requires the possibility of comparing the likely gains and losses within a nation, and the groups to which these would accrue. Australia's Industries Assistance Commission is a good case of a body with a statutory obligation to determine objectively the economic impact of protection policies - and then to stand back while the politicians, lobby groups and citizens/consumers battle things out.

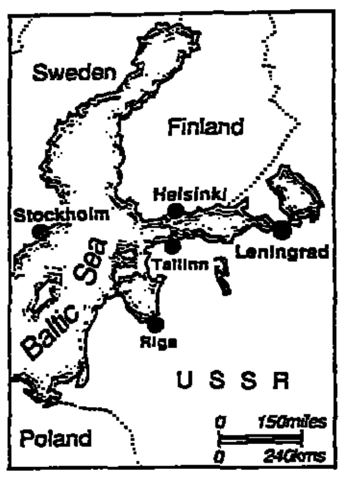
Only if the extent and distribution of the costs and benefits of trade policies are clearly articulated and opened to critical debate can we expect to arrive at politically acceptable outcomes.

Andrew Gibbons,
38 Medway Gardens,
Wembley, Middlesex

FINANCIAL TIMES

Wednesday January 13 1988

Soviet Union, Sweden agree on historic Baltic pact



THE SOVIET UNION and Sweden will today sign a preliminary agreement today settling their 19-year-long dispute over boundaries in the Baltic Sea, writes Sara Webb in Stockholm.

Mr Ingvar Carlsson, the Swedish Prime Minister, said the agreement would lead to long-term stability in Swedish-Soviet relations, which during the early 1980s were soured by repeated violations of Swedish territorial waters by Soviet submarines.

The agreement, which was greeted as a diplomatic success by both sides, will mean increased fishing catches for both countries in the Baltic and will open up the possibility of oil and gas exploration in a hitherto unexplored zone.

The long-disputed area between the Soviet Union and Sweden will be divided so that Sweden receives 75 per cent and the right to fish up to 6,000 tons a year in the Soviet Union's 25 per cent part of the area.

The Soviet Union will in turn have the right to fish up to 18,000 tons in the Swedish part of the zone.

Relations between Sweden and the Soviet Union started to thaw in 1986 when Mr Carlsson visited Moscow.

The negotiators on both sides had been under pressure to reach an agreement to mark the first official visit to Stockholm by Mr Nikolai Ryzhkov, the Soviet Prime Minister, which began on Monday.

Mr Carlsson conceded that both sides had to compromise but said: "This is a very good agreement, good for our fishing interests and good for our security policy".

He said that the agreement was an indication of the greater openness and flexibility shown by the Soviet Union in its foreign policy. It was unique for a small country and a superpower to reach a good agreement after years of diametrically opposed views on the question of where the line between them should be drawn. The military authorities as well as fishermen should be pleased with the agreement, Mr Carlsson said.

The agreement is expected to take effect from March or April once technicalities such as the number and size of fishing vessels and licence agreements are settled.

The success in Stockholm has been viewed with interest in Oslo, where Mr Ryzhkov is travelling on Thursday to hold talks on another boundary dispute - that between Norway and the Soviet Union in the Barents Sea. Hopes of an agreement on that front have now risen considerably.

Free for all ended, Page 2

Memories of the Prague Spring still haunt the Communist bloc writes **Judy Dempsey in Vienna**

East Europe agonises over reform process

THE 20th anniversary of the Prague Spring, the reform movement which was crushed by Soviet-led tanks in August 1968, is the focus for a major ideological battle in Czechoslovakia.

Crucial questions are being asked about how Communist systems can be reformed. The battleground is largely the pages of the Czechoslovak press where, for the past two months, two ideas have been persistently repeated.

The first is that the party leadership of 1968 wanted to "destroy socialism"; the second, that no similarities whatsoever exist between the 1968 reforms and those now taking place under Mr Mikhail Gorbachev, the Soviet leader.

But the battle over 1968 goes much deeper. In the context of what is taking place in the Soviet Union and Eastern Europe under Mr Gorbachev, it raises the whole question of whether reforms are really possible in Soviet-type systems without the leading role of the party becoming threatened and weakened.

This was one of the issues central to the fall last November of Mr Boris Yeltsin, the Moscow party chief who was dismissed by Mr Gorbachev.

"Yeltsin was going too fast. He was putting the leading role of the party at risk," a Hungarian party historian commented.

After Mr Yeltsin's dismissal, warning bells rang out in parts of Eastern Europe. On that day, the Hungarian central committee was holding a plenum on ideology, its first for 20 years.

Several members had tabled their intention to speak on the second day.

"They had prepared what were radical speeches on the need for genuine socialist pluralism," a Hungarian journalist said.

"But when Yeltsin fell, they realised that Gorbachev was not going to compromise the leading role of the party with reforms or people which directly challenged that role."

East European journalists and intellectuals see two threads emerging from the Yeltsin affair which give them some indication of the pace and direction, not only of Mr Gorbachev's own reforms, but the effect on Eastern Europe.

"For one thing, the leading role of the party supported by ideology, which frankly is practically dead in some parts of Eastern Europe, must remain the brick on which Gorbachev builds his reforms, otherwise a conservative backlash will emerge," a Hungarian academic said.

Other East Europeans argue that Mr Gorbachev wants party leaderships in Eastern Europe which are pragmatic, not radical, change which is gradual, not sudden. In short, the party must continue to set, control and implement the agenda.

But, however much East Europeans are excited by Mr Gorbachev's reforms, the Hungarians in 1956, the Poles, the Czechs in 1968, have all seen attempts at reform crushed.

"We tried in the 1960s," a Czech economist explained. "It was destroyed. We are hopeful with Gorbachev, but we can learn little from the Soviet Union. We had a political culture before the war. We tried to revive it in the 1960s, whereas Gorbachev is only now trying to develop one. The gap in experiences and expectations is very wide."

Hungarian intellectuals are also cautious, although the debates in the Hungarian journals on the need for some political pluralism have become increasingly radical in recent months.

They recognise, however, that one of the problems with reform is that it builds up expectations which cannot be controlled.

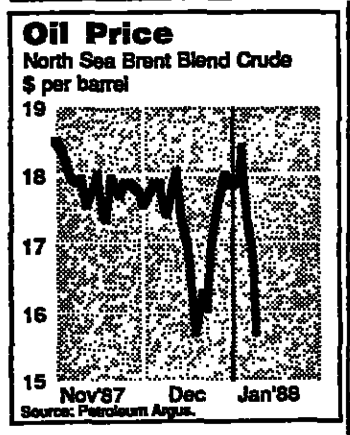
That is why the recent appointment of Mr Milos Jakes, the new party leader in Czechoslovakia, is important. He does not raise unrealistic expectations.

Mr Jakes is, so far, no great proponent either of *glasnost* (openness) or *perestroika* (restructuring). But from a Soviet perspective, Mr Jakes has in his favour his thorough knowledge of the Communist Party of Czechoslovakia.

"He won't rock the boat. He knows who to pull up or kick out. The last thing Gorbachev wants is instability in his back yard," commented a Czech economist who was involved in the Prague Spring and who was expelled from the party by Mr Jakes.

Equally, Mr Gorbachev wants no false hopes or expectations which cannot be fulfilled. The cost of the upheavals in Eastern Europe have not been forgotten by the new Soviet leadership.

Twenty years after Soviet tanks rolled into Prague the country remains cautious as to whether Soviet-style reforms, in the spirit of Mr Gorbachev's glasnost, are possible



Opec cuts output as price falls

Continued from Page 1

would take at least several weeks to affect supplies.

Saudi Arabia and Nigeria were both believed to be producing significantly below their official Opec quotas, while Kuwait and the United Arab Emirates had both scaled back production.

Mr Lukman said that Iraq's production had fallen to about 2.3m b/d, compared with December production of 2.5m b/d, as Iraq cut back on the overland export of crude oil, which was found to be uneconomic. Mr Lukman implied that Iraq had given assurances that it would maintain production below this level.

Mr Lukman said the Opec production quota was not simply based on a rolling over of the previous agreement, but rather on a conservative projection of energy demand trends. He predicted that prices would gradually firm to $18 a barrel

More jobs go in wake of October crash

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT, IN LONDON

CITICORP, the US bank holding company, announced yesterday that it was making 85 people redundant at its London investment bank, while Credit Suisse Buckmaster & Moore, the UK stockbroker 85 per cent owned by Credit Suisse of Switzerland, is to shed 35 of its 455 staff.

Meanwhile in Chicago Mr John McGillicuddy, chairman of Manufacturers Hanover, the New York bank, said that staff levels would be reduced by 9 per cent across the board from next week. Its London operations would be spared severe reductions.

Citicorp, which has already announced significant staff reductions in the US, said the job cuts – from around 2,200 staff at its investment bank in the UK and a total Citicorp workforce of 4,500 in Britain – would affect its Eurosecurities and gilt-edged stock businesses and the equities operation of Citicorp Scrimgeour Vickers.

Mr George Lynne, group marketing director for Credit Suisse Buckmaster & Moore, described the move as "a general slimming down of the institutional business departments" after the sharp fall in share trading volume in the UK since October's stock markets crash.

The cuts would affect UK sales and trading, corporate finance and research, but the firm would not exit from any business lines.

The company, which is independently managed, had expanded from about 200 people before deregulation, and would now be reduced to 420.

The average length of service of those losing their jobs was around two years and 19 of the 35 would simply not be confirmed in their jobs.

This brings job losses announced in the City of London since October to about 1,300, according to analysts. However, this figure is thought to represent half, or probably substantially less, of the actual reduction in employment.

Employment and salary levels rose rapidly as firms prepared for the liberalisation of securities markets in October 1986.

After a sharp fall in equity trading volume since October's stock market collapse and the slowdown last year in activity of the Eurobond and other international markets, this is now being seen as an substantial overexpansion.

Citicorp said the cuts followed the completion of a review of operations. The sackings were not entirely due to the collapse of stock markets in October, but the fall had contributed to the decision.

Citicorp would not leave any businesses, a spokesman said, but declined to specify where the axe would fall.

Israel, Jordan seek US help on dam

BY ANDREW GOWERS AND JUDITH MALTZ IN JERUSALEM

ISRAEL and Jordan have asked the US to mediate between them on the delicate question of allocating water from a hydroelectric dam which Jordan and Syria plan to build.

Revival of plans to construct the $450m dam, at Maqarin on the Yarmuk River, the last big untapped tributary of the Jordan, has alarmed Israel, which fears that its access to the river's waters may be limited.

The US Government is understood to be in close touch with both sides in order to prevent any flare-up of tension over the dam between Israel and its Arab neighbours.

The mediation, which is still at an early stage, underlines the sensitivity of issues concerning water in the Middle East. In the 1960s, disputes over access to scarce water resources were a source of friction and sporadic hostilities between Israel, Jordan and Syria.

"We are very worried," said one Israeli official. "The whole issue involves not only water itself but also diplomacy and security."

Last month Mr Yitzhak Shamir, the Prime Minister, said: "No-one needs to be told that the water issue is one of the most significant issues to all countries of the region, Israel included."

The present Jordan-Syria project revives a 1976 joint plan to tap the Yarmuk. Finalised last summer, it is a compromise allowing Jordan to continue using Yarmuk water to irrigate the northern Jordan Valley, a key agricultural area, while Syria will use the dam to generate hydro-electric power to help make up a severe electricity shortage.

The idea is that the US will consult, as it did in the 1970s, with Israel and Jordan on the basis of a 1955 document known as the Johnston Plan. This draft agreement, laying down allocations of Yarmuk water, was never signed because of opposition from Arab countries. Negotiations are likely to be complicated by the fact that the river is known to be highly variable in volume.

Israel claims a right to some of the water. It already draws on the Yarmuk to a small extent for irrigation. Israeli officials claim that Jordan is more dependent on the river.

Security issues arise because the Yarmuk skirts the strategic Golan Heights, which Israel seized from Syria in 1967 and subsequently annexed.

Jordan, for its part, is keen to avert any Israeli attempts to stop the project. Syria in this case considers itself to be dealing only with Jordan. All sides are anxious to maximise use of the river waters, which currently run into the Jordan and then to the Dead Sea.

Those involved are hoping to settle the issue before construction of the big dam begins. Jordan is seeking finance for the plan, and there are reports that the Soviet Union is helping Syria with its portion of the funding. Building could take up to five years.

World Weather

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N Korea to boycott Olympic Games

NORTH KOREA yesterday announced that it would boycott the Seoul Olympic Games, only a day after the Soviet Union said it was going to compete, **Reuter reports.**

North Korea's Olympic Committee said the decision was taken because proposals to stage some events jointly with the South had not been satisfactory.

Mr Juan Antonio Samaranch, president of the International Olympic Committtee, spent more than two years negotiating with North and South Korea to avert a boycott.

Last July North Korea was offered, with Seoul's agreement, archery, table tennis, women's volleyball, the men's 100-km cycle road race and one of four soccer preliminary group competitions.

However, the North has said that these are not enough.

The Soviet Union's Olympic Committee said it supported North Korea's bid to share the games but the question of its participation had not influenced their decision.

Mr Samaranch said there was a possibility that North Korea could still take part even after the offical deadline for decisions on January 17. He said the country would reconsider if an agreement was reached through a special conference between the two countries.

The International Committee is also considering banning those countries which boycott Seoul from participating in the next Olympics.

Moscow's decision – it will take part in all events with a team of more than 500 – brings the number of participating nations to a record 153 and will be the first time since the Montreal Olympics in 1976 that the US and the Soviet Union have directly competed.

THE LEX COLUMN

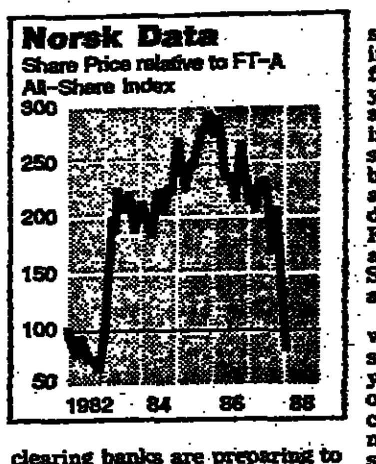
Wall Street's long shadow

The UK equity market's ability to ignore events on the other side of the Atlantic was beginning to look rather suspect yesterday. Having been 8 points ahead at lunchtime, the FTSE-100 index finished at the day's low, and it has now given up two thirds of the gains achieved in its brief New Year rally. At the moment, it seems that the big moves in both New York and London tend to be on the downside rather than on the upside, and New York's failure to bounce back convincingly on Monday is a depressing reminder that the markets remain in a highly uncertain mood. The fear is that the Dow may have to test its post-crash low of 1,738.4 before it moves ahead, and this is a possibility which London cannot ignore.

Whereas last week the markets were betting that the US trade figures would be better than expected, this week the forecasts have taken on a more bearish tinge. Japan's decision to delay its December trade figures is also rather mysterious; there are even those cynics who suggest that the Japanese and the world's central banks may have been given advance warning of terrible figures from the US. Meanwhile, trading volumes remain low and with the increasing pace of redundancies at several well-known London brokers, many people are probably more concerned about whether they will have a job in three months time than they are about where the index is headed.

Another uncertainty for the market, if less pressing at present, is the oil price. Investors and oil traders seem to be at odds on this; the latest rumours of price discounting by Opec have badly upset the oil price but not oil shares, whereas last week's equally scanty evidence of rising oil demand was welcomed by the stock market but ignored by the oil market.

This time the stock market's response seems closer to the mark. It may be true that Opec is selling oil at illicitly low prices, but provided members persist in their new found production discipline, any undercutting on price should prove containable. Even though some of the 2m b/d reduction in output since the last Opec meeting may be the result of lower demand rather than greater self-restraint, the $2 fall in the oil price since January surely underestimates the achievement.



Bank profits

Professional illusionists would goggle at the incredible vanishing trick which the UK clearing banks are preparing to pull off with their £3bn of Third World debt provisions. Two of the clearers, Midland and Lloyds, will report a 1987 loss because of them, and the other two, NatWest and Barclays, will show profits sharply down. But rather than pass this shock on to their staff in the form of reduced or zero profit sharing, the clearers are asking shareholders to pretend they did not exist.

Barclays' shareholders have already agreed to shut their eyes, and the others will be voting in the weeks ahead. The banks' argument is that the sins of the staff (long moved on) who lent all this money to Third World countries back in the 1970's should not be visited on their innocent present day successors. And in Barclays' case, at least, the shareholders evidently thought so too.

The staff must be pleased. But this is not the way to encourage sound banking, or discipline bankers to take a long term view. Banking is a business where it is too easy to make quick profits by piling on loans, and leaving others to clear up the mess when they go bad. Earlier this week, the Bank of England said that LDC provisions do not count as capital. The clearers are now saying they do not belong to the profit and loss account either. Poof! Vanishing trick complete.

Norsk Data

The toppling of Norsk Data as a Scandinavian wonder-stock seems sadly complete. The company had warned of problems back in October, but yesterday's announcement that 1987 profits will in fact be halved pushed the shares down from NKr90 to NKr59, putting a market value of around £160m on a company which was valued at nearly £800m only a few months ago.

The speed of the collapse is still rather mysterious. Earnings growth in 1986 had slowed from the 60 per cent of earlier years to a mere 24 per cent, and it was apparent that pushing into computer markets outside Scandinavia was going to be a costly business. October's announcement had spoken of difficulties in the US, India and France; to these must now apparently be added Germany, Switzerland, the Netherlands and the UK.

The root problem lies not with sales, which net of acquisitions were roughly static last year, but with a rapid build-up of distribution and marketing costs ahead of growth which never arrived. The damage seems to have been worst in countries where Norsk's market share is smallest: and in West Germany, rather worryingly. Norsk has had its important final quarter badly dented by companies postponing orders for computers in the wake of the October crash.

Valuing the shares is scarcely feasible at present, since the exact nature of Norsk's problems is still unclear. The company will doubtless be able to give a fuller picture with the formal presentation of its results at the start of February, but even then investors are likely to prove unforgiving.

US acquisitions

UK institutions which paid for the last minute dash by UK companies to buy subsidiaries in the US just before the market fell may look at the spending totals for 1987 with a slightly sick feeling. According to consultants JP Mervis, some 30 per cent of the record $30bn spent by British industry in the US was financed by share issues in the UK – a lot of money to spend buying control at the top of a bull market.

Even though the experience of Blue Arrow's underwriters will presumably close the way to other companies wanting tofinance grandiose US acquisitions with paper this year, it may not mean the end of the traffic westward across the Atlantic. With opportunities in the UK limited, the US still remains UK companies' favourite place to make acquisitions, and since the crash the pace of smaller deals has been maintained. It would be wrong, however, to expect the fall in the dollar to act as an incentive in itself. The historic pattern shows no relationship between the number of acquisitions and exchange rates, which is perhaps not surprising as most of the deals are financed by dollar debt.

French group sells US retail chain for $655m

BY PAUL BETTS IN PARIS

GENERALE OCCIDENTALE (GO), the diversified French company formerly controlled by Sir James Goldsmith, is selling its Grand Union supermarket subsidiary in the US for $655m.

The American supermarket businesses will be acquired by a Grand Union top management team in a leveraged management buy-out operation, GO said yesterday.

Sir James, who sold his controlling stake in GO to Compagnie Générale d'Electricité (CGE), the French telecommunications and engineering group, for about FFr1.5bn ($271m), last summer is widely expected to participate in the leveraged management buy-out.

He is known to have close ties with Grand Union's management and a keen interest in the US supermarket business.

The sale of Grand Union is the first step in CGE's plans to dispose of surplus assets. Mr Pierre Suard, CGE chairman, indicated last autumn that he intended to develop GO's publishing and media businesses, notably its Presses de la Cite publishing subsidiary, but to shed other assets.

Apart from Grand Union, these include GO's substantial forest interests in the US and its 37 per cent stake in the Basic Resources oil company. These disposals are expected to generate cash of about FFr 5.5bn.

CGE's acquisition of the controlling interest in GO last summer caused controversy because of the secretive nature of the deal, and because it happened barely two months after the privatisation of CGE.

Moreover, GO's control of L'Express, the French weekly news magazine, fuelled the row with claims that CGE and its friends in Mr Jacques Chirac's RPR party were seeking to take over an influential French publication before this spring's presidential election.

However, Mr Suard has defended the deal claiming that CGE's acquisition of a controlling interest in GO was part of an effort to develop a third core business sector in services.

Mr Suard subsequently emphasised that CGE was especially keen to develop the Presses de la Cite publishing and media business and expand into cable television.

Philips profits 'to fall'

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics group, has unexpectedly announced that net profits in 1987 are expected to show a fall.

Mr Cor van der Klugt, president, blamed the unspecified decline on the weakness of the dollar, provisions for streamlining the group, cost saving programmes and lower use of production capacity. This is Philips' second profit drop in three years following a 17 per cent slide in 1985.

Group turnover last year fell 4 per cent to Fl 52.7bn ($29.3bn) from Fl 55.04bn in 1986, Mr van der Klugt said. However, in volume terms sales rose 7 per cent, in line with company predictions.

Mr van der Klugt blamed most of the turnover decline on exchange rate fluctuations and the rest on disposals. In the last months of 1987 the weak dollar provided such a competitive advantage for manufacturers in dollar-linked countries that Philips could not cut selling prices enough to fight back, he explained.

NatWest wins US securities go-ahead

By James Buchan in New York

NATWEST HOLDINGS, the US subsidiary of the big UK clearing bank, National Westminster, will push ahead to develop its securities business after Monday's green light from the US Supreme Court.

On Monday, in an important decision, the Supreme Court refused to hear an appeal by the Wall Street houses against the operation by NatWest of its County Securities subsidiary, which has provided research-based brokerage services to financial institutions since mid-1986.

In refusing to hear the appeal by the Securities Industry Association (SIA), the court dealt a further blow to efforts on Wall Street to keep the commercial banks out of the securities trade.

The SIA had argued that the Federal Reserve Board, in allowing a bank subsidiary to trade securities and give investment advice, was violating the Glass-Steagall Act.

Since its landmark approval of the County operation 18 months ago, the Fed has authorised a number of bank holding companies to enter the securities field.

Meanwhile, a bill to water down the 1933 Glass-Steagall Act is before the Senate Banking Committee.

Mr Keating said that County, as an agency broker serving large institutions, was neither underwriting securities nor dealing on its own account – which Glass-Steagall specifically outlaws for banks. This was essentially the argument made by Judge Robert Bork, who overturned the SIA appeal in the Appeals Court

County Securities is seeking Fed approval for the purchase of a small Washington, DC, research house.

Feverish auction develops for A.H. Robins

James Buchan in New York analyses the dramatic improvement in the corporate health of a troubled US drugs group

FOR A COMPANY once shunned as possibly the most hazardous commercial property in the US, A.H. Robins has had a lot of visitors lately.

The Richmond, Virginia, drug company is accused of injuring hundreds of thousands of women with its Dalkon Shield intra-uterine device. It could pay out $2.48bn in compensation – three times as much as its total assets. It has been 2½ years in the bankruptcy courts.

But, in the past month, the founding family and Wall Street institutions and speculators who own A.H. Robins have been conducting a feverish public auction for the century-old company.

Equity holders, who looked like being wiped out when the bankruptcy judge fixed the Dalkon Shield compensation fund at $2.47bn in December, have been able to play off different bidders for their stock.

Three international drugs groups are willing not only to guarantee that $2.48bn will be available for the women, paid over five to seven years, but to put up about $600m to own the company.

A committee of outside shareholders has been lobbying the two US groups, American Home Products and Rorer, this week *to improve their offers of* around $600m in stock for A. H. Robins.

Mr Wilbur Ross, an investment banker at Rothschild Inc, who played an important role advising stockholders in the Texaco bankruptcy, says: "Our fundamental interest is in maximum near-term value and relatively high surety."

Robins family shareholders, who control about 40 per cent of the stock, favour a third and less radical plan, put forward by Sanofi, the ambitious young French pharmaceuticals group, which has built up a nearly $3bn business in Europe. But this still depends on licence agreements in the US.

Under the plan, Sanofi will not buy out shareholders. Instead, it will inject a $75m company and $600m in cash into A.H. Robins in return for securities convertible into 58 per cent of the company and control after five years.

Because Sanofi is thin on US expertise, it will probably keep Robins family management in place for at least five years.

The Robins directors accepted the Sanofi plan at a two-day board meeting over the New Year but Mr Jean-Francois Dehecq, Sanofi vice-chairman, appears to be finding the going tough as he criss-crosses Manhattan trying to win support from the non-family shareholders. "Over the long term, shareholders get more money with us," he insists stoically.

Tomorrow, Judge Robert Merhige, the often impatient bankruptcy judge who unleashed the auction when he put a limit on the Dalkon Shield liability last month, has his first chance to adjudicate between the three offers. In the process, he could cause a flurry of improved offers.

US drug companies operate in a profitable market, rarely come up for sale and are expensive when they do. Last week's offer from Hoffmann-La Roche for Sterling Drug shows how difficult it is to make a large US drugs acquisition.

The offer is high-priced by Wall Street standards, at more than 20 times Sterling Drug's earnings. Roche has also promised to keep Sterling Drug's management in place.

In response, the New York company this week turned round and sued Roche for alleged insider trading, among other crimes, and threatened to force Roche into a US court to lift the veil of Swiss secrecy from its ownership and operations.

Wall Street analysts say that Robins has a valuable franchise of over-the-counter products, including Robitussin cough syrup and Chap Stick lip salve, a relatively good line of ethical drugs and a much-admired 750-strong specialist sales force.

Moreover, the $2.48bn settlement is not as expensive as it sounds, because it will be spread out over several years and can be written off against Robins' taxable income.

This is how the Sanofi plan works, for example. Sanofi buys $600m in securities from the joint company, which will pay out $48m in dividends over the five years. The $600m is combined with Robins' existing cash of $300m to launch the joint company with surplus cash of $854.9m, according to the projections presented to the court.

With only negligible tax payments, the joint company should generate cash starting at $137.6m in 1989 and rising to $200.2m in 1992. Combined with drawings of $200m a year out of the cash hoard, Robins-Sanofi can provide nearly $2bn into the trust, while still ending 1992 with some cash in hand.

By the next year, Sanofi will have a stream of US profits and control of a large-scale distribution network for its own products – all for $600m, less $48m.

The claimants' lawyers and the equity holders are hoping that all three companies will pay a bit more for this prospect. The lawyers want bigger sums paid into the trust earlier on. Wall Street's arbitrageurs, who have bid up Robins stock from $14 to $23 in the past month, are betting that stockholders will not be forgotten.

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Nedlloyd share row brews

BY KEVIN BROWN, TRANSPORT CORRESPONDENT, IN LONDON

A GROUP of Norwegian investors is attempting to prevent Nedlloyd, the diversified Dutch shipping group, proceeding with a Fl 175m ($95.6m)issue of preference shares.

The group, headed by Mr Torsten Hargen, a shipping consultant, plans to launch a campaign today in a bid to swing other shareholders against the issue, which requires approval by an extraordinary general meeting.

This follows unsuccesful talks with Nedlloyd management, which has declined to agree to changes in strategy demanded by the group.

Mr Hargen, a director of Holland America Line, heads a Luxembourg-based company, Marine Investments, which has taken a 4 per cent stake in Nedlloyd, with options on a further 5.8 per cent of stock.

Marine Investments is backed by a number of Norwegian corporate investors, including Olaf Thon, a cash rich Oslo-based property group, and Orkla Borregard, a powerful industrial group. Other backers include the shipping companies I.M. Skaugen and J.O. Odfjell.

Marine Investments has contacted a number of Nedlloyd shareholders, and believes there is widespread unease over the company's tactics.

Mr Hargen believes the preference share issue is primarily intended as a defensive move against a possible takeover bid, though Nedlloyd denies this.

He is thought to have urged Nedlloyd to meet its capital requirements through disposals of under-used assets, including several large aircraft and at least one ship.

Mr Hargen has a reputation as an effective "company doctor" in the shipping world, and is credited with reviving the fortunes of both Bergen Line and Royal Viking Line.

Marine investments says it has no intention of launching a bid, though it concedes that its backers have substantial financial muscle.

Nedlloyd last week announced a loss of Fl 990m for 1987 after a Fl 1bn write down of its shipping fleet

It said there would be a recovery to profits of more that Fl 100m this year.

Merrill Lynch in Italian mutual fund joint deal

BY DAVID LANE IN MILAN

MERRILL LYNCH,the US investment bank, and Gruppo Prime, the joint venture between Monte dei Paschi di Siena and Mito of the IFIL/Fiat Group, have signed an agreement aimed at developing mutual fund operations.

A new company, Prime-Merrill Funds, will shortly be established to set up Italian-based mutual funds with strongly international characteristics.

Merrill Lynch, Monte dei Paschi di Siena and Mito will each hold equal stakes in Prime-Merrill Funds, which will have an initial share capital of L4bn ($3.3m). Chairmanship of the company will rotate between the three shareholders.

Prime-Merrill Funds will be seeking approval from the Italian authorities for three new mutual funds

The agreement also provides for an exclusive consultancy arrangement. Under this Merrill Lynch will provide the Prime-Gest management company and PrimeFiduciaria with assistance regarding their funds' and clients' foreign investments and management.

Prime-Merrill Funds has been established with an eye to the liberalisation of European financial markets in 1992. A joint committee aimed at identifying opportunities to distribute the funds in other European countries is also planned.

Laura Raun in Amsterdam reports on a unique role reversal

Guilder bonds upstage DM paper

INTEREST RATES in the Dutch capital markets have fallen to levels equal to, or even below, West German rates in a development that is being interpreted in the Netherlands as a fundamental shift in the international bond market.

The traditional premium of Dutch rates above their German counterparts has disappeared in maturities longer than eight years for several reasons:

●In October the Bonn Government indicated that it was considering imposing a withholding tax on interest income, which would make German bonds less attractive to foreign investors.

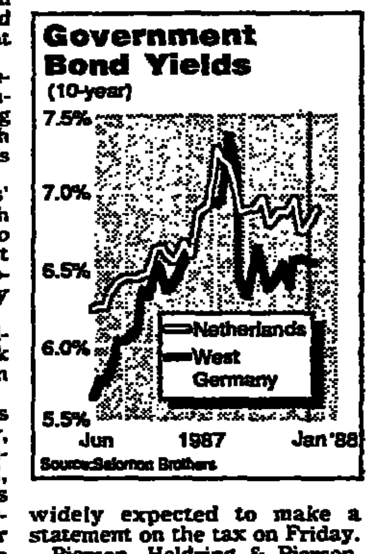
●Since then the Netherlands' central bank has cut the Dutch discount rate four times in two months – most recently last week – and twice without provoking any parallel move by the Germans.

●The guilder remains unfailingly strong against the D-Mark and at the top of the European Monetary System.

"It's a unique situation," says one Amsterdam bond trader, noting that the Dutch Government's latest 6¾ per cent bond, with a 10-year maturity, was yielding 6.39 per cent yesterday, compared with 6.60 per cent for a comparable German bond.

The Hague is expected to announce a new state loan today, which would be a test of whether foreign investors are buying Dutch bonds and selling German paper. Bond traders in Amsterdam generally agree that Dutch yields on medium- to longer-term paper will remain about equal to, or below, those of German paper if Bonn actually imposes the withholding tax.

The German Government is widely expected to make a statement on the tax on Friday.



Pierson, Heldring & Pierson, the leading Dutch merchant bank, forecasts that by the fourth quarter of this year Dutch 10-year paper will yield 6.5 per cent and comparable German paper will yield 6.3 per cent.

For investors the role reversal of Dutch and German bonds could mean a shift in portfolios toward more guilder securities.

In recent history the guilder has been viewed as a "cheap D-Mark" because Dutch interest rates carried a premium ranging from 25 to 150 basis points over German rates. Nearly identical monetary policies in the two countries have meant that interest rates have moved in tandem, while exchange rates have remained stable.

As a result, foreign investors have often considered the guilder and D-Mark virtually interchangeable.

However, since the Dutch central bank has cut loose and followed its own path towards lower rates, Dutch government bonds have become more attractive. Dutch state loans have always boasted a liquid market and have been available for the past two years in the more popular "bullet" form.

The Dutch authorities have also responded to market wishes by offering shorter maturities than Bonn has done in an effort to draw foreign investors.

From the Dutch Government's point of view, lower interest rates could reduce debt service payments – the most rapidly rising item of public expenditure – and help to lower the budget deficit. The state loan, expected to be announced today, is likely to carry a coupon of only 6 per cent, which would be the lowest level since May 1987.

Some bond dealers, however, are more cautious and fear that the market may be nearing a peak. "Foreigners clearly prefer Dutch bonds but at these levels you need to be careful," one trader warns.

Another explains that the Dutch discount rate cuts have been motivated by the central bank's desire to check the guilder's rise against the D-Mark. If the Dutch currency weakens, against the backdrop of a strengthening dollar, for example, then Dutch rates could rise once more.

Moreover, Dutch money market rates remain a good 100 basis points above German rates. They need to come down if the parity, or "German premium," is to be maintained in capital market rates.

In the meantime, some Dutch banks are recommending that investors go into German bonds because of the greater upside potential in prices. But Pierson, Heldring & Pierson notes that the whole D-Mark bloc – the D-Mark, guilder, Swiss franc and Austrian schilling – is strong:

"The D-Mark bloc bond markets were generally stable to bullish (at the turn of the year), a remarkable situation given the strong upswing of the dollar."

Record trade in Chicago's three markets

BY DEBORAH HARGREAVES IN CHICAGO

LAST YEAR saw trading volume reach record levels on all three futures and options exchanges in Chicago. This was in spite of a decline in volume on the contracts hit hardest by October's stock market crash.

The Chicago Board Options Exchange's buoyant contract on the Standard & Poor's 100 index – the world's leading contract – suffered considerably in the crash. Volume on the S&P 100 dropped to 101.8m contracts from 113.2m in 1986.

But overall CBOE volume was boosted by a rise in equity options to 73.3m from 64.7m in 1986. This helped the exchange post a record 181.9m lots for 1987 volume, up from 180.4m.

Another record was posted at the CBOE's rival across town, the Chicago Mercantile Exchange, where Eurodollar futures almost doubled their 1986 volume. Some 20.4m Eurodollar futures were traded last year, a rise from 10.8m and for the first time overtaking the CME's well-established Standard & Poor's 500 stock index futures.

S&P 500 futures volume fell to 19m lots from 19.5m in 1986, in spite of the one-day record volume of 162,222 lots achieved on October 19. Most of the contract's drop in volume occurred in November and December as some traders moved to Eurodollars.

The CME saw an overall rise in its volume of 22.7 per cent to 84.4m contracts from 68.8m.

In the year when it started evening trading sessions for four of its contracts, the Chicago Board of Trade set a world trading record of 127.1m contracts, up from 100.8m in 1986.

The CBOT's Treasury bond futures saw a jump in volume as investors rushed into fixed interest securities during the equity market crash. T-bond futures volume rose 27 per cent to 66.8m lots from 52.6m.

The exchange's evening session, which began on April 30, recorded volume of 2.4m contracts.

●Volume on the London International Financial Futures Exchange nearly doubled last year to a total of 13.6m futures and options contracts, representing a daily average of almost 54,000 contracts worth £17.8bn, writes Alexander Nicoll.

The most significant factor in the year's figures was the growth of business in futures and options based on long-term UK government bonds, which between them accounted for 59 per cent of the year's volume. Long gilt futures dealings rose 168 per cent to 6.99m contracts and long gilt options gained 278 per cent to 1.04m.

Volume in these contracts and in the gilt market itself was considerably boosted by the October 1986 Big Bang reforms of the gilt market, which initially created 27 market-makers in a market previously dominated by two. Some have since pulled out.

Short-term interest rate futures also saw big volume increases, with Eurodollar futures up 57 per cent to 1.74m contracts and short sterling futures up 57 per cent to 1.51m.

US Treasury bond futures, however, were virtually unchanged at 1.56m contracts, while Japanese government bond futures, launched last July, have had a slow start.

Futures on the Financial Times-Stock Exchange index of 100 stocks did better than in previous years with volume rising 279 per cent to 460,615.

Brierley writes off HK$391m for IEP

By Gordon Cramb

INDUSTRIAL EQUITY Pacific (IEP), the Hong Kong arm of Sir Ron Brierley's investment empire, is to take provisions of HK$391m (US$50.1m) in the current year to June as a result of the October stock market collapse.

IEP, which Sir Ron has used as the vehicle for stakes acquired in numerous British and US quoted companies, has seen the market valuation of its investments fall markedly below book value since October.

Sir Ron, in a special report to shareholders released yesterday, gave a breakdown of IEP's core holdings. These form the centre of a portfolio comprising stakes in 77 UK companies – with a post-crash value of £305.3m (US$555.6m) – as well as 87 US holdings worth $523m.

They carried a value in IEP's books at £352.7m and $612.7m respectively.

The figures, calculated by IEP as at the end of last November, exclude majority-owned companies such as Coser Kenaley & Millbourn, the British motor trader where IEP has 52 per cent control.

However, they foreshadow a new target for the attentions of Sir Ron, who received a knighthood in the New Year's Honours. In listing IEP's "permanent investments" in the UK, he has kept back the name of one company "because of its sensitive strategic character."

For this company the stake, which must be assumed to be below the 5 per cent disclosure level, is given a November 30 market value of £19.08m, suggesting a capitalisation for the whole company in excess of £380m. The holding is likely to predate Black Monday, as book value is given as a somewhat larger £28.05m.

The US portfolio is headed by a $138.6m investment giving it a 19.2 per cent stake in CalMat, a Los Angeles cement producer. On New Year's Eve IEP announced the disposal of Higbee, its US stores chain, to Dillard Department Stores for $165m.

That deal will enable the Hong Kong group to remain in the black this year. It expects a gain arising from the sale of HK$527m – IEP is estimating HK$350m in full-year net profits from the rest of its operations, which would be more than offset by the writedowns. The 1986-87 net outcome was HK$419m.

The special charges apply to IEP's non-core holdings. Those regarded as more permanent will not be accounted for until they are realised.

The company said its revised shareholders' funds stood at HK$4.02bn, or HK$10.21 per share. Borrowings exceed HK$2.5bn. Sir Ron insisted that the market price of IEP shares understates the realisable value of its assets and the potential for added value. The shares fell 30 cents yesterday to HK$8.50.

Japan speeds up plan for options trading

THE JAPANESE Ministry of Finance has worked out a plan to speed up the creation of financial futures and options markets in Japan, whereby securities-related and non-securities-related futures contracts will be administered under different legal frameworks, Reuter reports from Tokyo.

MoF officials said the ministry planned to draft a new law covering non-securities-related futures trading such as interest rates on savings deposits and currencies. Securities-related futures trading will be governed by the same rules which apply now to transactions of shares and bonds.

The MoF plans to let banks start broking Japanese and foreign government bond futures at the stock exchanges, while local and foreign securities firms will be allowed to join the new financial futures market, expected to be set up this year or early in 1989. Banks would still be prohibited from broking securities in Japan.

Decisions on the plan was taken after advisory panels to the ministry unveiled a joint proposal in December for the creation of a comprehensive Tokyo financial futures market comparable to those in financial centres abroad.

The joint proposal, which broadly favoured the ideas put forward by the Japanese banking industry, countered suggestions by the securities industry that securities-related futures and option trading should be administered solely under the existing Securities and Exchange Law.

Aggressive terms pitched for Eksportfinans issue

BY CLARE PEARSON

EKSPORTFINANS yesterday issued a $150m bond in the Eurodollar bond market, spurred on by the striking success of a deal for Norsk Hydro, its fellow Norwegian borrower, launched on Monday.

Norsk Hydro's 2½-year bond was aimed particularly at Swiss investors who, anxious not to take currency losses on dollar bond portfolios, are currently fishing for new issues as seasoned bonds come up for redemption.

Yesterday the 8⅞ per cent bond, led by Swiss Bank Corporation International, was increased by $50m to $250m after it had traded within 1¼ per cent fees at 0.80 bid.

Dealers did not expect Credit Suisse First Boston's 8½ per cent bond for Eksportfinans, due December 1990 and priced at 100¾, to meet such strong demand.

It has the advantage of a formal triple-A credit rating but its yield margin of around 60 basis points over comparable US Treasury bonds still looked a bit aggressive. It was quoted at less 1⅞ bid, the level of the total fees, by the lead-manager, though at lower prices elsewhere.

The issue was accompanied by 150,000 currency warrants to buy $1,000 at a fixed exchange rate of DM1.6385. Each warrant is priced at $67½.

In secondary market dealing, international bond markets traded thinly yesterday with participants expecting little volume ahead of Friday's release of the latest US trade figures. With the dollar moving in a narrow range, short covering ahead of Friday's number took Eurodollar bonds about ¼ percentage point higher in the 10-year area.

In spite of thin trading, the new year reopening of the various new issues sectors was still under way. Yesterday saw the first tradeable Australian dollar issue since the October stock market crash, an A$50m deal for Banque Nationale de Paris.

Dealers said the recent stability of the Australian currency, after sharp falls on foreign exchanges last autumn, had spurred some Continental retail demand for bonds, although swap rates were not looking attractive to borrowers.

BNP's 13¼ per cent three-year issue, led by Credit Suisse First Boston, was seen as fairly priced even if the borrower's name was not ideal for this market. The issue, priced at 101⅛, was quoted at less 1¾ bid, ¼ point lower than its total fees.

A 5¼-year Y30bn 5¼ per cent bond for Ireland, launched on Monday, traded within its fees at less 1.80 bid.

D-Mark domestic bonds took fright at a rumour – later denied by the Finance Ministry – that a withholding tax, due to be imposed on securities from next year, would be at a higher rate than the expected 10 per cent. The ministry is now expected to make an announcement at the end of the week.

Prices closed about ¼ point lower after falling by up to 70 basis points in a confused day's trading. The most recent 6⅜ per cent Federal government bond was fixed at 98.55, 15 basis points lower than Monday.

INTERNATIONAL BONDS

Though D-Mark Eurobonds should be exempt from the withholding tax, investors' reluctance to buy ahead of Friday's US figures took prices as much as ½ point lower in low volume.

This provided a poor background for a DM300m 10-year issue for the European Investment Bank, which was seen as somewhat tightly priced. Led by Deutsche Bank, the 6⅛ per cent par-priced bond was quoted at less 1⅝ bid, against 1¾ per cent fees, by the lead-manager but at lower levels elsewhere.

The Bundesbank announced a new 28-day repurchase agreement at an interest rate of 3¼ per cent, the same level as recent other repurchase agreement.

An avalanche of new paper on the Swiss franc foreign bond market sent primary market prices collapsing yesterday. Yesterday's six new issues, totalling SFr1.15bn, brought the total launched so far this year to nearly SFr2bn.

Although the Swiss franc bond market has been trading buoyantly in expectation of lower interest rates, and has benefited as investors have continued to eschew shares, many of the new bond issues have been priced aggressively.

Grey market trading levels for primary market issues were quoted about ½ point lower. Dealers said the 10-year area, in particular, was saturated with recent paper.

Swiss Bank Corporation launched a SFr250m public deal for ICI Finance Netherlands, which Credit Suisse and Union Bank of Switzerland declined to join, probably because it was tightly priced. The 4½ per cent 11-year bond, priced at 99¾, was nevertheless bid in the grey market at less 2.

Union Bank of Switzerland meanwhile led a SFr200m 4¼ per cent five-year deal for Thomson Brandt International (Netherlands). Priced at par, the grey market indication was as low as less 2¾ bid, reflecting oversupply.

Late in the day, Credit Suisse launched two new issues. The first was a SFr200m deal for Austria, split into two equal tranches. The 4⅝ per cent 10-year tranche was priced at 101 while the 5 per cent 15-year tranche, which was expected to meet greater demand, was priced at par.

Credit Suisse also launched a SFr100m four-year deal for Belgium. The 4⅛ per cent bond was priced at 100¼.

Swiss Volksbank led a SFr150m eight-year 4⅞ per cent bond for Aoki, the Japanese construction company, which was priced at 100½.

Banca del Gottardo is expected to announce formally today a SFr250m 10-year bond for the Council of Europe, with a 4½ per cent coupon and par issue price.

●Merrill Lynch International said yesterday it would no longer quote two-way prices to other professionals in sterling floating-rate notes.

Merrill said dealing spreads in the sterling FRN market were too narrow at present for market-making to be profitable. Issues for UK building societies, which make up most of the market, trade on a 0.05 per cent bid/offered spread.

The firm is a leading player in the Eurodollar FRN market.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 12

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Abbey National 7½ 92	200	93¼	93¾	+0⅛	0	9.47
All Nippon Air 9⅝ 97	100	†93½	94	+0⅛	−0⅞	10.42
American Brands 8⅞ 92	150	96	96½	−0⅛	−0⅞	9.91
A/S Eksportfinans 7⅞ 93	100	†91⅞	92⅛	−0¼	−0⅜	9.48
A/S Eksportfinans 7¼ 92	150	93⅜	93¾	+0⅛	0	9.25
Barc. Bk. Fin. 10¼ 89	200	†103⅜	103⅞	+1⅛	+1	8.13
Belgium 9⅛ 92	400	†99⅝	99⅞	−0⅛	+0⅛	9.20
British Telecom 7⅝ 96	250	86⅝	87⅛	+0¼	−0⅜	9.93
British Telecom 8⅞ 94	150	97⅜	97¾	+0¼	−0⅜	9.38
Canada 9 96	1000	98	98½	+0¼	−0⅝	9.31
Canadian Pac 10¼ 93	100	†102¾	103¼	−0¼	−0½	9.92
C.C.C.E 7⅛ 91	113	†93¾	94⅛	+0¼	−0⅜	9.01
C.N.C.A 7¼ 91	150	93⅝	94	+0½	−0¼	9.25
Coca-Cola Ent. 8¼ 90	100	†100	100½	+0⅛	−0⅛	8.10
Credit Lyonnais 9 91	200	100⅞	100⅝	+0¼	0	8.84
Credit National 7⅜ 92	100	93¾	94⅛	+0⅜	−0¼	9.07
Credit National 7¼ 91	150	94⅛	94⅝	+0⅛	−0¼	9.01
Denmark 7⅛ 92	500	92⅞	92¾	−0⅛	−0¼	9.38
Denmark 8¼ 91	300	†99¼	99¾	+0½	−0½	8.39
E.E.C 7 91	100	93¾	94¼	+0⅛	−0⅜	8.88
E.E.C. 7¼ 93	250	92⅛	92⅝	0	−0⅜	9.16
E.E.C 8¼ 96	100	91⅞	92⅜	+0¼	−0⅜	9.66
E.I.B. 7⅝ 93	100	92¼	92¾	+0¼	−0¼	9.32
E.I.B. 9⅝ 97	150	97⅜	98	−0¼	−0⅞	9.75
Finland 7⅞ 97	200	88	88½	+0¼	−0⅜	9.90
Finland 7½ 93	200	91⅞	92⅜	0	−0⅛	9.33
Ford Motor Cred 11⅜ 90	100	105⅞	105¾	+0⅛	−0¼	8.39
Gen Elec Credit 10¼ 90	200	102	102⅜	+0¼	0	9.93
G.M.A.C. 8 89	250	99⅛	99½	+0⅛	+0⅛	8.47
G.M.A.C. 8¼ 89	200	100⅛	100½	+0¼	−0⅛	8.00
Hoesch 8¼ 97	100	†88¼	88⅝	0	−0⅜	10.23
Hoesch 7⅜ 92	100	†95¾	96¼	0	−0¼	8.53
Liberty Mutual 8½ 96	150	†93⅝	93⅞	+0½	−0½	9.62
L.T.C.B of Japan 8 91	100	96⅝	96⅜	+0⅛	−0⅛	9.16
L.T.C.B.of Japan 8 97	200	86⅝	87¼	+0¼	0	10.28
Mercds–Benz Cred 8¼ 92	100	99⅞	100⅛	+0¼	+1⅛	8.19
Mitsubishi Fin. 7⅞ 93	100	†91⅞	91⅞	+0⅛	+0⅜	9.80
Mutual America 7⅝ 92	100	†93⅞	94¼	+0¼	−0⅛	9.50
Norway 7¼ 91	500	†96¾	97¼	+0½	−0½	8.22
Pepsico Inc 7⅞ 93	200	†92¼	92¾	0	−0⅛	9.20
Prudential Crp. 8⅞ 94	125	96½	97⅛	+0⅛	−0⅛	9.42
Qantas Airways 10⅛ 95	140	101⅞	102⅜	+0½	−0⅜	9.94
Rep. of Finland 9⅛ 92	100	†100	100½	+0½	+0⅛	9.06
Rep. of Italy 9 90	1000	100⅞	101¼	+0⅛	−0¼	8.54
Saab Scania 9½ 91	125	†102	102½	−0⅛	−0¼	8.63
Saskatchewan 10¼ 92	100	104¾	105⅛	−0½	−0½	9.22
State Bk S Aust 9¼ 93	100	98½	99	+1	−0⅛	9.56
Swedish Exp.Crd.7¼ 91	100	†94⅛	94⅝	0	0	9.01
Swed Exp Cred 10 92	100	104	104½	0	0	8.76
Sweden 7 91	250	94⅛	94⅝	+0⅛	−0¼	8.81
Sweden 7 92	250	†93⅛	93⅝	−0½	−0¼	9.00
Sweden 8¼ 96	200	94½	95	+0¼	−0½	9.69
Sweden 8½ 92	200	98⅝	98⅞	+0½	0	8.85
Taiyo Finance 7¼ 94	100	90⅛	90⅝	+0⅛	+0¼	9.88
Toyota Mtr. Cred. 9 90	200	†100½	101	−0⅛	−0⅛	8.69
Toyota Mtr.Cred.7¼ 92	150	93⅝	94	+0⅝	+0½	9.07
Victorian Rep 11⅝ 92	150	106⅞	107⅜	+0⅛	−0⅜	9.50
World Bank 7 92	300	†93½	94	+0¼	−0½	8.90
World Bank 9 97	300	95¼	95¾	+0¼	−0⅜	9.73
Yasuda Trust Fin 8½ 93	100	94⅝	95	−0⅛	0	9.79

Average price change... On day +0¼ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. BK. 6 94	200	101⅛	101⅝	+0⅛	−0⅛	5.73
Avis Fin.SVS 5⅞ 92	100	†100⅛	100⅝	+0⅛	−0⅜	5.76
Bank of Greece 5⅞ 92	300	98	98⅜	0	0	5.82
Bank of Tokyo 5¼ 93	100	†101⅞	102¼	−0⅜	−1	5.29
Central BK. Turkey 7 92	200	†103¼	103¾	−0⅛	−0¼	6.11
Degussa Int. 6⅛ 97	200	96⅞	97⅜	−0⅛	−0½	6.51
E.I.B 5½ 98	150	93¼	94	−0⅛	−0⅛	6.36
E.I.B 6 97	300	98	98⅜	−0⅛	−0½	6.24
E.I.B. 6⅛ 96	300	99⅞	99⅞	−0¼	−0⅜	6.19
E.I.B. 6⅛ 97	400	98⅞	99⅛	−0⅛	−0⅜	6.23
E.I.B. 6⅞ 95	300	104	104⅜	−0⅜	−0½	6.15
Euro.Coal& Steel 5⅞ 97	175	96⅝	97⅛	−0¼	−0⅜	6.32
Eurofima 6¼ 96	100	100⅞	101⅜	+0½	−0⅜	6.05
Elec De France 5⅞ 97	300	95⅞	96½	−0⅛	−0⅛	6.30
I.A.D.B. 6 97	200	97	97⅜	−0⅛	−0⅛	6.37
IBJ 5⅞ 92	100	†103¼	103¾	−1	+0¼	5.03
Japan Finance 5⅞ 97	100	95	95⅜	0	−0⅜	6.43
Ireland 6½ 97	300	†98⅞	99⅛	−0⅛	−0¼	6.66
Korea Dev BK 6⅛ 93	100	100⅞	101⅜	−0¼	0	6.33
Malaysia 6¼ 94	150	98½	99	0	+0¼	6.48
Oesterr.Kont.BK 5⅝ 92	200	†102½	103	+0½	+0¼	4.96
Portugal 5⅞ 92	150	101⅞	102⅜	0	−0½	5.24
Portugal 6⅛ 95	150	102⅞	103⅛	0	0	6.15
Royal Insurance 5½ 92	300	†101	101½	0	−0½	5.16
Statoil 6¼ 97	200	†97½	98	0	–	6.58
Soc Cent Nucleur 7¼ 95	150	105⅛	105⅞	−0¼	+0¼	6.29
Steweag 5½ 96	100	97⅞	98⅜	−0¼	−0¼	5.76
Tokyo Elec. Power 6 97	300	†96¾	97¼	−0⅛	−0⅛	6.42
World BK. 6¼ 97	600	99⅝	100⅛	−0⅛	−0⅜	6.29

Average price change... On day −0⅛ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev.Bk. 5⅝ 96	100	†99½	100	+0½	+1	5.66
Asfinag 5 02	150	†98½	98¾	+0¼	+0½	5.13
Bayer W/W 2½ 02	250	†94½	95	0	−0½	2.95
BBL W/W 2¾ 97	100	†85½	86	+0⅛	+2¼	4.63
Elec.De.France 5 07	100	†100	100¼	−0¼	+0⅛	4.99
E.I.B. 4⅞ 97	200	†99½	99¾	0	0	4.80
E.I.B 4⅝ 97	200	†99¾	100	+0⅛	+0⅛	4.64
Ems Gatzek 5 99	100	†99	99¼	0	−0⅛	5.10
Ireland 5 02	150	†93½	93¾	0	−0½	5.65
Newfoundland 5⅝ 02	150	†101	101½	+0⅛	+0⅛	5.00
Polly Peck 6 92	75	†99⅝	100	+0⅛	+1¼	6.03
Prov.of Manitoba 4¾ 02	200	†100¼	100¾	+0¼	−0⅛	4.68
Prov. of Quebec 5 03	200	†99¾	100	+0¼	+0⅞	5.01
Qantas Airways 4¾ 97	110	†–	–	–	–	–
SHV Holdings 4¾ 94	100	†100¼	100½	0	+1	4.68
Tiroler 4¾ 97	100	†100¾	101	0	+0¼	4.63
TNT 5 95	100	†100	100½	−0¼	−0⅛	4.95
Woolwich B/S 4½ 92	120	†99	99¼	+0⅛	0	4.71
World Bank 5 02	200	†98¾	98½	+0¼	−0¼	5.16

Average price change... On day +0 on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Belgium 4⅝ 94	45	97	97½	+0½	−0⅛	5.16
E.I.B 4⅝ 94	40	97⅛	97¼	+0⅛	−0⅛	5.09
Elec. De France 5⅛ 94	20	100	100⅜	+0⅛	−0⅛	5.07
Kansai Electric 4⅝ 94	60	96¼	96¾	+0⅛	−0⅛	5.29
Norway 4¼ 92	60	97⅜	97⅝	+0⅛	−0⅜	4.91
Rep. of Italy 5⅞ 92	150	103⅝	103⅞	+0¼	−0½	4.72
Sweden 4⅝ 92	50	97⅝	98⅛	+0¼	−0⅛	4.84
World Bank 5½ 92	50	103¼	103⅝	+0¼	−0¼	4.64

Average price change... On day +0¼ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aegon 5⅛ 91 FL	100	100⅝	101½	0	−0¼	5.40
Aegon 8¼ 89 FL	100	103¼	104	+0⅛	+0⅞	5.57
Air Products 6⅝ 91 FL	100	101¼	101⅞	−0¼	+0½	6.20
Alg. Bk. Ned. 5⅞ 91 FL	100	101	101⅜	0	+0¼	5.32
Alg. Bk. Ned. 7⅞ 89 FL	150	103⅝	103⅞	+0⅛	+0¼	5.64
Alg. Bk. Ned. 8 89 FL	200	102¼	103	0	0	5.27
Barc. Bk. 10⅛ 97 £	250	96⅛	97¼	+0½	−0⅞	10.77
BP Capital 13⅞ 92 A$	75	101⅞	101⅞	0	0	13.22
Creditanstalt 14⅛ 90	60	†101⅞	102¼	+0¼	−0¼	13.00
Denmark 7⅛ 92 ECU	100	100	100⅜	−0⅛	−1⅛	7.67
DG Fin. Co. 13⅞ 90 A$	50	†104⅜	105¼	−0⅛	−0¼	11.39
DG Fin. Co. 14 90 A$	75	†102½	103½	0	+0½	12.48
DG Finance 14⅛ 92 A$	50	†103	104	−0⅛	−0⅜	13.19
Deutsche Bank 9⅞ 97 £	75	†97¼	97⅞	−0⅛	−0½	10.29
Deutsche Bk.14¼ 92 A$	100	†104¼	104⅞	−0¼	+2	12.75
Dresdner fin.13⅞ 91 A$	100	†101⅞	102¼	0	+0¼	13.03
Electrolux 8 89 FL	60	102¼	103	0	0	5.74
E.I.B 8⅝ 93 LF	1000	†102⅛	103⅛	0	0	7.97
Euratom 7⅞ 97 ECU	145	92⅞	92⅞	−0¼	−1½	8.59
Euratom 11⅛ 88 FL	150	102	102⅞	0	−0⅛	0.05
Eurofima 7½ 92 FL	50	104⅝	105	0	0	6.23
Eurofima 17⅛ 89 NZ$	50	†102⅞	103¼	0	−0¼	15.57
Finland 6 91 FL	100	100⅛	101	0	0	5.81
Ford.Mtr.Cred.13⅞ 91A$	75	100⅞	100⅝	+0⅛	+0⅜	13.55
G.M.A.C. 9 92 £	50	96⅞	97⅞	0	−2½	9.80
G.M.A.C. 9⅞ 92 C$	75	95⅞	96⅛	+0⅛	−0⅛	10.49
G.M.A.C Aus.Fin.14 90 A$	50	101	101⅛	+0⅛	+0¼	13.33
Halifax BS 10⅞ 97 £	100	97⅛	97⅝	+0⅛	−0½	10.83
Heineken NV. 6½ 91 FL	150	†102⅞	103½	0	0	5.36
Honda Mtr.W/W 3⅞ 90 FL	100	†108½	110½	0	+1¼	−0.44
Hunter Dgas. N.V. 7 91 FL	50	101⅞	102	0	0	6.40
Imp Chem Inds 10 03 £	100	93¾	94¼	+0¼	−0¼	10.81
Im.In Ind.Intl 10 93 £	60	99⅞	99¾	+0¼	−0⅛	10.10
Leeds B.S 10½ 91 £	50	100⅞	100⅞	+0⅛	−0⅛	10.28
Mort.Bk.Denmark 6 91 FL	150	99½	100¼	−0¼	−0¼	6.03
Mige. Bk. Dn. 6⅛ 91 FL	100	102	102⅝	0	0	5.09
Nat.Australia 14 92 A$	50	101⅞	102⅛	+0⅛	−0⅛	−0.25
Nat. West.Bk.13⅞ 92 A$	50	†100⅞	101¼	+0¼	+0¼	12.81
Nationwide BS 10⅞ 93 £	75	99½	100	+0¼	−0¼	10.17
New Zealand 7⅞ 93 ECU	200	97	97½	−0⅛	−1⅛	8.42
Oesters.Ktbk.13⅞ 94 A$	75	103	103½	+0¼	0	12.82
Prudential Fin.9⅞ 07 £	150	86½	87	0	−1⅛	11.04
S.D.R. 7⅞ 95 ECU	90	96⅛	96⅝	−0½	−1⅛	8.41
Tsthouse Forte 11⅛ 90£	50	101⅞	102⅛	−0⅛	−0⅛	10.09
Thyssen 7¼ 90 FL	50	103	103⅜	+0⅛	+0¼	5.81
Wessanen 6⅛ 90 FL	50	101¾	102½	0	0	5.87
World Bank 13⅞ 92 A$	100	†102⅝	102⅞	+0¼	−0⅛	12.56

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 5 93	.0312	100.16	100.26	13/06	8.17
Alliance & Leic.Bld 94 £	.08	99.06	99.11	21/01	10.27
Belgium 91	0	100.18	100.28	19/02	7.19
Britannia 5 93 £	0⅛	99.56	99.61	8/01	10.37
Chase Manhattan Corp 91	0¼	99.05	99.30	22/02	7.19
Citicorp 98	†0¼	96.75	97.00	29/02	7.69
EEC 3 92 DM	†0	100.43	100.48	22/02	4.31
Halifax BS £ 94	.1	99.39	99.44	8/02	8.97
Inst. In Industry £ 94	0	99.40	99.50	24/02	9.44
Midland Bank 01 £	.1	95.88	96.08	11/02	8.97
Milk Mkt.Brd. 5 93£	0¼	99.41	99.46	30/12	10.37
New Zealand 5 97 £	.07	99.21	99.31	18/02	9.06
New Zealand 5 01	0	98.79	98.89	4/02	7¼
Shearson Lehman Hlds 91	†0¼	98.87	99.37	8/02	7.62
United Kingdom 5 92	0	100.06	100.12	7/01	8.19
Woodside Fin. 5¼ 97	0	98.70	98.80	28/01	7.69
Woolwich 5 95 £	0⅛	99.28	99.34	19/02	9.12

Average price change... On day +0.01 on week −0.04

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	†8/87	62.	94½	95½	+0⅛	32.3
Alco Health 6¼ 01	†7/86	26.25	74½	75½	−1¼	35.7
American Brands 7⅞ 02	†9/87	56.7	96	97	+0½	19.9
American Can Co. 5½ 02	†4/87	66.75	63½	64½	−0¼	72.6
Ashikaga Bank 2⅞ 02	4/87	967.	111¾	113⅛	+0⅛	−5.2
Asics 5 92 DM	12/83	438.6	140¼	141⅛	0	−0.9
CBS, Inc. 5 02	4/87	200.	91⅝	92⅝	−0⅛	14.1
Fuji Hvy Inds 3 00	8/85	676.	145	146½	−1¼	−2.0
Fujitsu 3 99	5/84	1106.	219	220⅞	−4½	−3.7
Gunma Bank 2⅞ 02	4/87	808.	130	131½	0	0.6
MCA INC 5⅛ 02 US	†9/87	69.62	73⅛	74⅛	+0⅛	42.6
Minolta Camera 2⅞ 94DM	2/86	1004.	85⅛	86⅛	−1	38.2
Mitsui Trust 2⅞ 01	10/86	1903.	125	127	−5⅛	3.7
Next PLC 5⅞ 03 £	11/87	4.3	102⅞	104	−0⅞	54.9
Nippon Elec 2⅞ 00	†1/85	1295.	300	301	−8	−3.2
Omron Tateisi 2⅞ 02	4/87	1310.	184¼	185½	−4½	−1.0
Rank Hovis 4⅞ 03 £	1/88	3.5	104⅛	105⅛	−0⅛	18.8
Redland 7¼ 02 £	†1/87	5.4	95	96	−0⅛	18.5
Texas Inst. 2⅞ 02 US	9/87	82.87	82⅞	83⅞	0	30.9
W.R. Grace 6¼ 02 US	9/87	42.12	76⅛	77¼	+1¼	25.7

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Norsk Data sees halved earnings

BY KAREN FOSSLI IN OSLO

NORSK DATA, the Norwegian mini-computer group which has achieved rapid profits growth in recent years, said yesterday that profits for 1987 would be halved.

Last October the company prepared shareholders for a slowdown in earnings, suggesting that pre-tax profits for 1987 were likely to be little changed from the NKr486m ($77.2m) of 1986.

At the time the company's forecast led electronic sector analysts to rapidly downgrade their estimates of Norsk Data's earnings. Some analysts had been going for pre-tax profits of NKr600m in 1987.

Yesterday's announcement, however, showed that the deterioration in trading had gone far deeper than expected. With turnover falling short of budgeted levels, net profits have probably reached a level about one-half of 1986, Norsk Data said.

The company gained market share in Scandinavia, where sales volume was on target. But there were large shortfalls elsewhere, notably outside Europe. Adjusted for the acquisition of Wordplex of the UK, sales were only marginally higher than the NKr2.6bn of 1986.

Before the world stock markets crash of mid-October, Norsk Data's shares had a market value of about NKr9bn. The shares fell sharply on the Olso bourse yesterday, depressing market capitalisation to about NKr2bn.

Mr Christian Storm, a Norsk Data official, said that one explanation for the company's sales downfall was that turnover for December, traditionally a peak selling period, tailed off steeply.

Last autumn the company shelved plans to launch a new share issue because of poor market conditions. It stressed yesterday that share issue financing plans remained on the backburner, awaiting an upturn in the stock market.

First-half pre-tax profits released in August showed an improvement of 8.4 per cent at NKr178m. Operating margins, however, narrowed from 12.8 per cent to 9.4 per cent while pre-tax margins shrank from 15.2 per cent to 13.8 per cent.

At the time Norsk Data said total orders had risen by 20 per cent to NKr1.4bn. Sweden and Denmark achieved a 50 per cent increase in orders during the six months, but non-European sales fell by 50 per cent.

Last October the company said it had been disappointed in not winning important orders in India and the US, its two main markets outside Europe.

During the five years up to 1987, Norsk Data's sales grew at an average rate of 43 per cent, with growth in some European countries, notably the UK and West Germany, staging even faster growth.

Philippine state bank in profit

BY RICHARD GOURLAY IN MANILA

PHILIPPINE National Bank, the country's largest bank, has reported a 1.01bn peso ($48.7m) provisional profit for 1987 after more than three years of heavy losses.

Mr Edgardo Espiritu, PNB's president, last week handed President Corazon Aquino a 500m peso cheque for the dividend the bank will pay the Government, its sole shareholder, to commemorate the turnround from losses of 3.57bn pesos in 1986.

The bank was given a clean start this year by the transfer of the equivalent of $2.7bn in non-performing assets from the balance sheet as part of a campaign to clean up its books before privatisation, due to begin early in 1989.

Bank assets, now standing at $1.5bn, swelled during the regime of former President Ferdinand Marcos when the bank was forced to make loans for projects that were either not viable or simply did not exist, a bank official said.

PNB's collateral for non-performing loans, where it exists, has been transferred to the Government's Asset Privatisation Trust, which is slowly selling it at market rates. The trust now controls more than $7bn of transferred assets including some from Development Bank of the Philippines, from the sale of which the Government hopes to raise a little over $1bn within five years.

The balance sheet clean-up at PNB was completed in March, when the bank's capital was also reduced from 10bn pesos to 2.5bn pesos.

PNB said its return on assets of about 3.5 per cent in 1987 compared with a Philippine average of about 2 per cent. The bank has assets of 31bn pesos.

SocGen expands core holding

BY GEORGE GRAHAM IN PARIS

SOCIETE GENERALE, the French bank privatised last summer, has strengthened its "hard core" of friendly shareholders to 30 per cent.

Two new French investors, whose names have not been disclosed, have bought stakes in the market, to add to the 20 per cent block, divided among 15 French and four foreign companies, selected by the Finance Minister before Societe Generale's privatisation.

The latest friendly shareholders have made a considerable saving. Had they been selected as "hard core" shareholders at the start they would have had to pay FFr525 a share, a premium of 5 per cent over the public offer price.

Today, Societe Generale's shares are trading at FFr295.

The bank, fourth largest in France and the first of the big financial groups nationalised by General Charles de Gaulle in 1945 to return to the private sector, has said it expects to have maintained last year's profits level, despite the downturn in financial markets. Increased lending activity in the second half is expected to compensate for weaker financial market operations.

Mr Marc Vienot, Societe Generale's president, said that he hoped for a substantial increase in dividend from last year's FFr33.32 a share, already tripled from the previous year.

While under state control Societe Generale, in common with other state banks, paid little more than nominal dividends. Now that it is in the private sector Mr Vienot has said he plans eventually to distribute about a quarter of the bank's profits.

Also in common with other French state-owned banks, Societe Generale has in recent years devoted a sizeable proportion of operating profits to building up provisions for bad debts.

Mr Vienot said the provisioning effort would be lower than in 1986, helping the bank to maintain net profit levels.

Remy Martin eyes Benedictine stake

BY OUR FINANCIAL STAFF

REMY MARTIN, the cognac house, is swelling the wave of takeover activity in the French liquor industry with plans to launch a bid for as much as 60 per cent of Benedictine, the producer of the famous herb-flavoured liqueur.

The cognac group did not disclose the terms of the proposed deal. However, Benedictine's 140,000 shares were valued at about FFr854m ($155.2m) at Monday's bourse suspension price of FFr6,100.

Benedictine declined to comment on the pending offer, citing the company's plans to seek approval for a capital boost later this month. Several friendly institutions are expected to subscribe in order to protect the company from hostile interests.

The liqueur producer also refused to comment on its shareholder base or planned changes. Its name has been linked with Whitbread, the UK brewer. And the French bank, Caisse Nationale de Credit Agricole, has been frequently cited by analysts as a potential subscriber to Benedictine's capital.

Benedictine's products include herbal and peppermint liqueurs, as well as anise-flavoured aperitifs. The company also has operations in perfumes and watches. In 1986, earnings totalled FFr10m on revenues of FFr550m.

Outback Man gives Ashley slip

By Chris Sherwell in Sydney

A DRAWN-OUT takeover saga involving Australia's best-known bushman's outfitter appeared to have come to a sudden end yesterday with British-based Laura Ashley on the losing end.

The object of the battle was R.M. Williams, an old Adelaide-based company famous for clothing Australian Outback Man (and many urban ones) with its moleskin trousers, working shirts and leather boots and belts.

An announcement said directors of the company had recommended a A$14m (US$9.94m) takeover bid from Bennett and Fisher, another Adelaide company which had again lifted its offer, this time to 90 cents a share.

Bennett and Fisher had started the activity in November when it offered 75 cents a share. Mr Reginald Williams, the driving force behind R.M. Williams, spurned the offer, which was the second he had received in recent months – the first was said to have come from businessman Mr Kerry Packer.

Just before Christmas, Laura Ashley unexpectedly stepped in with an 81.5 cents offer. Just as unexpectedly, Mr Williams sold 15 per cent of the company to the British bidder, reducing the stake he controlled to about 9 per cent.

Bennett and Fisher then raised its bid to 85 cents, said that it had the support of shareholders accounting for almost 52 per cent of the company's stock, and declared its offer unconditional.

With the Wiliams board refusing to approve the transfer, a frantic game of leapfrog ensued. Laura Ashley came back with 86 cents, while Bennett and Fisher upped its bid to 87 cents. By yesterday both were offering 90 cents.

Then came the joint announcement from R.M. Williams and Bennett and Fisher recommending the Bennett and Fisher bid, apparently ending the battle in the latter's favour.

Fletcher move to block bid

FLETCHER CHALLENGE, New Zealand's largest company, has started a high court action as part of an attempt to block a takeover plan involving NZ Forest Products and Rada Corporation, Reuter reports from Wellington.

Fletcher, a 19.9 per cent shareholder of NZFP, opposes a NZFP plan to merge with Elders Resources of Australia, arguing the deal would give Elders IXL, that company's parent, control of NZFP through a shareholding in Rada while NZFP shareholders pay the control premium in the deal.

Mr Hugh Fletcher, chief executive, said the deal was in effect a reverse takeover by Elders IXL.

MS rebuffs Dobson Park offer

A BID by Dobson Park Industries, the mining equipment and industrial electronics group, to create Britain's second integrated supplier of hydraulic pit-roof supports and coal conveyors was rebuffed yesterday by MS International, which has rejected a takeover offer worth £25.2m, writes Clay Harris.

MS, which makes defence electronics products as well as mining equipment, said the shares-and-cash offer from Dobson Park was totally unacceptable and would be fought vigorously.

After the bid was announced, Panmure Gordon, Dobson Park's stockbroker, bought MS shares in the market and is believed to have picked up a stake of 3 to 4 per cent.

A successful bid would put Dobson Park into direct competition with Dowty Group on three products: hydraulic roof-supports for long-wall mining, belt conveyors and the armoured-front conveyors which run along the coal face.

In the UK, Dobson Park and Dowty would each supply about 50 per cent of such equipment bought by state-owned British Coal. This already applies for roof supports and belt conveyors, and MS would add the third product to the Dobson Park range.

Dobson Park is also seeking, however, to broaden its industrial base away from mining equipment. MS would bring a defence electronics business which is contributing a growing proportion of the group's profits.

The bidder proposes to add this as another "stand-alone" business to its industrial electronics division based on two recent US acquisitions, IRD and Revere. Dobson Park also makes Kango and Wolf power tools and Britains and Petite toys.

Dobson Park is offering one of its own shares plus 80p for every two MS shares. With Dobson Park shares 5p lower at 109p, its offer values each MS share at 94.5p, against a closing market price of 101p, up 18p. There is a cash alternative of 90p.

"The price came up quite markedly in the past few days, which makes one wonder about the security on the other side," said County NatWest, the merchant bank advising MS. Dobson Park is advised by Hill Samuel.

Clay Harris analyses the £25m takeover proposal

Aiming to kill two birds with one stone

DOBSON PARK Industries is trying to diversify from reliance on its traditional mainstay – coal mining equipment – through an acquisition which will strengthen its position in that very business.

But there is no contradiction, Dobson Park insists, in its £25.2m takeover bid for MS International, a smaller but similar industrial group.

"We very much see this as killing two birds with one stone," Mr Alan Kaye, Dobson Park chief executive, said yesterday. "We specifically want to ally electronics with traditional engineering skills."

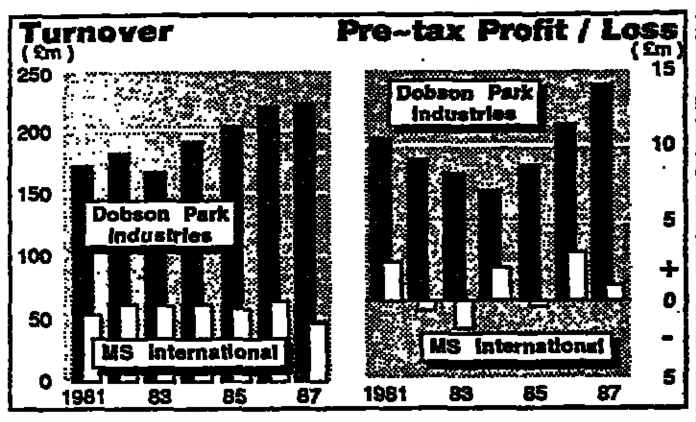
His management team, which has been in place for less than three years, is trying to create a "broadly balanced group, preferably with three or four divisions, in which coal mining equipment contributes no more than one-third of profits."

In MS, formerly Mining Supplies, Mr Kaye thinks he has found the perfect match.

Partially because of the effective monopoly position of their only UK customer, state-owned British Coal, neither has had to compete with foreign entrants in the home market. Each has maintained about half of the market in its products against a common rival, Dowty Group.

If the home market is safe, overseas potential has never really been tapped. The only other major players in Dobson Park's hydraulic pit-roof supports and belt conveyors and in MS's armoured-front conveyors, which run along the coal face in long-wall pits, are three West German companies, Kloeckner-Becorit, Westfalia and Hemscheidt.

Only recently has the US-based Joy begun to make an impact with roof supports. This delay reflects the dominance of open-cast mining and, when underground, room-and-pillar mining in the US. Even after British Coal's pit closures, there are nearly three times as many long-wall faces in the UK as in the US.



As with many of the marriages arranged by the Wilson Government's Industrial Reorganisation Corporation, the combination of William Park of Wigan (where Dobson Park is still based) and Dobson Hardwick of Nottingham in 1969 was intended to rationalise fragmented British production in a what was seen to be a declining industry, coal mining equipment.

Initially, the decline proved ephemeral, as the oil crises of the 1970s gave an unexpected boost to coal.

"That prosperity gave us a false sense of security," Mr Kaye said. Dobson Park neglected long-term strategy and was unprepared for the effects of the miners' strike and the collapse in oil prices.

MS was similarly affected, although its progress through the 1980s has been more bumpy, as a result of a series of acquisitions and disposals.

Dobson Park itself set the stage for the US acquisitions and yesterday's bid by selling a miscellany of engineering businesses - making garden tools, alternators, generators and pre-cast concrete products – in 1985-86 for a total of £12m.

MS's rejection and the rise in its share price fueled speculation that Dobson Park might not be the only player, although monopolies considerations are likely to exclude Dowty as well as Charter Consolidated, parent of Anderson-Strathclyde, Britain's only maker of long-wall coal-cutting equipment.

Mr Kaye, however, was adamant: "We don't think that there's anyone who can derive the same synergies from it that we can."

Verson listing

Verson International, the engineering company which reversed into Bronx Engineering in December 1986, has confirmed its intention to join the main market later this month. The listing will take the form of a re-admission of the Bronx shares, which were suspended at the time of the takeover.

Verson confirmed its intention along with the announcement of a multi-million pound order from Italy.

ATLANTIC RICHFIELD has purchased a further 550,000 shares in Britoil, bringing its total holding to 23.04 per cent, or 116.21m shares.

Circulars fly in Dee bid

CIRCULARS continued to fly yesterday over the £2bn bid by Barker & Dobson for the much larger food retailer Dee Corporation. Shareholders in B&D meet this morning to approve the offer.

Dee attacked the level of acceptances – 1 per cent – announced by the bidder on Monday's first closing date. "The pathetic level of acceptances indicates that B&D's offer is unacceptable to Dee's shareholders who have seen through its flimsy structure to the high level of gearing built into this offer," said a statement from Mr Alec Monk, Dee's chairman.

B&D was quick to retaliate "Dee's frantic attempts to prevent the offer from being made available to Dee shareholders just go to show how desparate Dee is," said B&D. "Dee has already lost the commercial arguments."

The bidder reiterated its confidence that the financing arrangements in connection with the bid, which involve bank loans of up to £1.6bn, were adequate and that covenants with the banks would not be breached unless "Dee is now suggesting that its financial position is materially worse than is indicated by publicly available information."

Sears has 29% of Freemans

Sears, the retail, betting and jewellery group which is making a £477m contested cash bid for mail order group Freemans, yesterday announced that it has raised its stake in its target to 29 per cent.

The announcement was made at mid-morning and reflected the acquisition of a further 90,000 Freemans shares, or 0.1 per cent of the equity. During the day, Sears is thought to have made only a minimal further increase in its holding. It cannot take the stake beyond 29.9 per cent.

United Biscuits in US disposals

By Clay Harris

United Biscuits, the foods and restaurant group, is to sell the olives, salad dressings and packaged spices businesses which comprise its US-based Specialty Brands subsidiary. The operations have combined sales of about $140m (£77m).

The disposals, for undisclosed sums, will end one of the less successful US acquisitions by a British company, one whose record contrasts with UB's own Keebler cookies and snack foods operation.

UB is to sell Spice Islands to McCormick, the dominant spice company in the US. Early California olives and Marie's salad dressings will be sold to Campbell, the foods group. The transactions are due to be completed within 10 days.

Specialty Brands reported a 15 per cent fall in trading profit to £4.6m in the 28 weeks to July 18, on sales 4 per cent lower at £43.7m. The decline was magnified by the relative strength of sterling, but results were also lower in dollar terms.

UB forecast in October that full-year trading profits in dollar terms would at least match the 1986 results, although the US currency has continued to decline since then. The disposal will not be reflected in the 1987 results.

Although all three businesses occupied profitable niches, they had to bear the cost of heavy marketing expenditure.

Fresh disposals by Newman

Newman Industries, engineer, yesterday brought its disposal programme close to its conclusion when it sold an aluminium diecasting and sand foundry and a computer services subsidiary. It also announced the closure of its Guildford head office.

Mr John Marley, chief executive, said negotiations were in progress for the sale of the last remaining peripheral activities. "We are close to our objective of concentrating on our Avdel fastening operations."

Newman will receive £1.9m, including proceeds from debtors, for the loss-making foundry business, Maybrey, and about £50,000 for Cotswold Computers. The transfer of the head office to Avdel is expected to save more than £150,000 a year.

First Security

For the six months ended October 31 1987 First Security Group lifted its profit from £793,000 to £1.03m. The interim dividend rises from 1.5p to 1.7p.

Turnover of the group, engaged in electronic sensors, car components and safety systems, totalled £6.54m (£6m). Earnings per 10p share worked through at 7.1p (6.1p).

The aborted bid for Hawtal Whiting resulted in an extraordinary charge of £360,000.

Sturge shares jump as profits emerge £1m ahead of forecast

BY NICK BUNKER

SHARES IN Sturge Holdings, Lloyd's underwriting agent, soared 50p to close at 415p last night after the group overshot its own forecasts by £1m yesterday with pre-tax profits up 32.5 per cent at £12.6m for the year ended September 30.

The figures included about £300,000 in pre-tax profits from five months trading by Wise Speke, the Newcastle-upon-Tyne stockbroker which Sturge bought last year. Sturge will only receive in 1988 the first contribution to its earnings from the Bellew, Parry and Raven group of Lloyd's underwriting agencies which it took over last autumn.

But Mr David Coleridge, group chairman, warned that Sturge was now facing "significant competitive pressures" in all its major markets, with both the Lloyd's insurance market and the securities industry showing a marked drop-off in activity.

Wise Speke has been trading at a loss throughout the last four Stock Exchange account periods, Sturge said.

At Lloyd's – where in 1987 Sturge managed 16 insurance syndicates – the group said it benefited from increased capacity last year. Sturge's syndicate capacity grew 12.5 per cent to £1bn.

For the group, turnover jumped by 43.3 per cent to £16.2m, including a near 33 per cent leap in the fees which Sturge earned from syndicate management. Its other Lloyd's source of income – the profit commission it took from 2,000 members of the market – went up 18 per cent to £6.14m.

Net profits were up 33 per cent at £7.43m, after a tax charge unchanged at 41 per cent. Earnings per share rose 29 per cent to 20.13p.

Sturge said it was recommending a final dividend of 5.5p, making a total net dividend for the year of 8.5p. The group is also planning a one-for-four bonus issue of new shares.

• comment

For shareholders, the beauty of Sturge is its medium-term predictability. Given Lloyd's of London's three-year accounting period, it must wait until 1989 for its 1986 profit commissions, but they already look like being of vintage quality, after the steep recovery in trading experienced by insurers from 1984 onward. Only in 1991 is Sturge likely to flag, as premium rate-cutting now under way in marine and aviation business especially impacts on the underwriter's bottom line. Sturge recruited only 80 new members of Lloyd's for 1988, but claims there is no shortage of applicants: just a lack of new business for them to underwrite. The prospective price/earnings ratio of 15.4 on possible 1988 pre-tax profits of £18m is still undemanding (the shares are a cool 200p below their pre-Black Monday peak) – if you can find a market-maker with stock on his books.

Weak dollar hits PWS profits

BY NICK BUNKER

THE WEAKENING of the US dollar coupled with a downturn in US insurance premium rates meant that PWS Holdings, Lloyd's insurance broker, saw pre-tax profits slip 15 per cent to £7.22m in the year ended September 30.

The figures were complicated by the fact that last year's pre-tax outcome of £8.45m included a one-off credit of £1.6m due to a change in income recognition policy in the group's subsidiaries.

Earnings per share rose 10 per cent to 23.8p. But the shares lost 5p to close at 195p last night.

PWS said it was recommending a final dividend of 7p, making 10.5p for the year.

Mr Ron Peet, chairman, said 1987 was a difficult year. The strength of sterling against the dollar cut PWS's pre-tax profit by more than £1m, and the group's North American and Casualty Division had also "suffered severely" from a softening insurance market.

PWS has hired Mr Richard Beard as managing director for the division, and is planning to appoint a new divisional chairman, said Mr Ronnie Ben-Zur, PWS chief executive.

On its reinsurance side, PWS was seeing reduced premium rates on international treaty business, but this should be compensated for by extra orders from clients, Mr Peet said.

• comment

PWS has been fading fast since the time in 1986 when the excitement of its abortive bid for fellow Lloyd's broker C.E. Heath crowned several years of rapid growth. Only part of the problem can be traced back to industry-wide difficulties. News of a management reshuffle in its North American division following the loss last year of PWS's only big US railroad account is a sign that Mr Ben-Zur still has his sharp managerial edge; but PWS's purchase last September of Craven Farmer, a small Lloyd's reinsurance broker, was only a small step towards the broadening of its broking base which PWS badly needs. But assuming pre-tax profits of £7.5m for 1988, PWS is on a prospective price-earnings multiple of about eight; a little cheap, given the healthy dividend cover of nearly two.

Associated-Henriques to join main market

BY PHILIP COGGAN

MR DENNIS M. Levine is bringing a finance group to the main market, but City regulators need not be too alarmed. The man concerned is a South African trade financier, who has no connection with the disgraced US investment banker.

This Mr Levine is managing director of Associated-Henriques, a company he founded in 1982, with the backing of his cousin, Mr Milton Levine, now chairman, who had already built up a successful South African trade finance business called Reichmans.

Associated provides trade finance services to small and medium sized companies – establishing letters of credit and discounting bills of exchange. It is now joining the main market via a placing by Alexanders Laing & Cruickshank of 2.75m shares, 8.7 per cent of the equity, at 71.5p each, valuing the group at £22.5m.

The deal is slightly more complex than the average new issue because in October last year, Associated acquired the assets of Cobra Metals, a Canadian mining company which had traded on the USM until May, when its shares were suspended. The assets acquired were largely cash and securities, which gave the company the extra capital it needed for expansion.

As a result of the Cobra purchase, which was made for shares, Associated acquired more than enough public shareholders to meet the Stock Exchange requirement that 25 per cent of the equity be in public hands.

The gearing effect of the Cobra cash is expected to mean that Associated will substantially increase profits in 1988, although it is not making a forecast. In the nine months to September 30, 1987, it made pre-tax profits of £341,000.

NORTH SEA Assets: Underwriters have been left with 51 per cent of the shares in the £4.8m rights issue launched last month.

GKN's German stake at 96.7%

By Andrew Hill

GKN, the engineering group, has acquired a further 10.2 per cent of Uni-Cardan, a West German automotive parts maker.

The DM112.4m (£37.7m) purchase from family shareholders takes the group's total holding to 96.7 per cent.

GKN aims to acquire the whole of Uni-Cardan. The remaining shares are held by members of the family businesses which came together to found Uni-Cardan in the 1950s and 1960s.

The estimated value of the net tangible assets attributable to the minority interest acquired was about £28m at December 31, 1987.

GKN financed the acquisition by placing preference shares in Guest Keen and Nettlefolds (Deutschland), a holding company for some of the parent's German interests, with a Commerzbank subsidiary.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Berkeley Govett ....fin	6¢		5	10	8
Countryside Prop ....fin	1.28	Apr 8	1.03*	1.91	1.59*
Cray Elect ....int	0.81	Apr 8	0.62*	-	2.54*
First Security ....int	1.7		1.5	-	4.2
Fleming C'house ....fin	4.55		3.95	6.25	5.65
Fleming Overseas ....int	1		-	-	2.25
Ldn & Clydeside§ ....fin	4	Feb 23	4	5.7	5.7
Markheath ....int	1	Mar 31	0.8	-	2.4
Nobo Group ....int	1.76	Mar 9	-	-	3.25
Nthumbrian Fdsg ....int	0.75		-	-	0.56
PWS Holdings ....fin	7†		4	10.5	[illegible]
Reliance Sec ....int	1.5¢	Feb 24	1	-	4
Sturge Hldgs ....fin	5.5		3.75*	8.5†	6
Trent Hldgs ....fin	0.5	Mar 25	0.46	-	1.15
TVS ....fin	9	Apr 6	7	12.5	10
Westpool Inv Tst ....int	0.35	Mar 5	0.35	-	1.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market. ¢For six month period. ‡Gross US cents throughout.

TVS exceeds City hopes with 51% rise to £22m

BY FIONA THOMPSON

A 16.8 PER CENT increase in net advertising revenue, against an industry average rise of 13.2 per cent, was primarily responsible for Television South boosting pre-tax profits by 51.4 per cent from £14.4m to £21.8m for the year to October 31, 1987.

Earnings per share for the fast-growing independent television contractor for the south and south-east of England rose to 33.7p from 28.6p.

Mr James Gatward, chief executive, said he was extremely pleased with the results.

The rise in advertising revenue from £122.4m to £143m lifted TVS's market share to 10.9 per cent, compared with last year's 10.6 per cent, and placed TVS fourth in the ITV league after Thames, Central and London Weekend.

TVS's year-end was just 12 days after the October 19 crash and November advertising revenue was "down on a par with the industry" according to Mr Gatward, but it showed a recovery in December. Consumer goods make up the bulk of TVS's advertising revenue.

Programme sales rose to £20.8m from £16.2m, with overseas sales contributing £8.9m of that, a 41.3 per cent increase on last year's £6.2m.

The company "has begun its successful diversification into television related areas," said Mr Gatward, and first time profits were reported from the Midem Organisation - promoter of trade fairs for the television, video and music industries acquired in April last year - and the Button Group, which makes exhibition equipment for such trade fairs. TVS bought a 75 per cent stake in Button last April.

Turnover rose to £171.9m, against £137.7m. Programme, distribution and service costs were 27.7 per cent higher at £98.7m.

The Channel 4 subscriptions rose to £21.3m from £19.5m and the Exchequer levy increased to £11.2m (£8.9m). Tax took £8.9m, compared with £5.7m.

A final dividend of 9p was recommended, making a total of 12.5p for the year, against last year's 10p.

● comment

These results were substantially up on the City's expectations of about £20.5m. Both UK programme sales, at £11.9m, and especially overseas sales, at £9m, surpassed predictions - Mandela selling to over 50 countries and accounting for one third of the £9m. TVS has an audience which is both affluent and growing. LWT only pipped TVS into third place in the advertising revenue league and it is possible TVS will capture an 11 per cent market share for this year - yet again making a mockery of the regional/network companies divide. TVS welcomes the planned reform of this system and is increasing its investment in programme making in a bid to boost its network share. Analysts are looking for pre-tax profits of about £25m this year, producing a prospective p/e of 8.5. Good value.

Two good years in store for Cray after 26% rise

By Heather Farmbrough

ALL DIVISIONS of Cray Electronics, the defence and telecommunications contractor, contributed to a 26 per cent increase in pre-tax profits for the six months to October 31 1987.

Profit came to £4.1m, in line with City expectations. The comparison was £3.21m.

Mr Bernard Collins, chairman and chief executive, said: "I have full confidence in the company and its continuing growth. This year will be one of consolidation, but we will have a bumper one afterwards."

Margins have risen from 13.3 per cent to 14.2 per cent on turnover of £28.5m (£24.2m).

The company is increasing its interim dividend by 30 per cent to 0.5p a share (0.62p), from earnings of 3.813p (3.16p). In the full 1986-87 year it produced a pre-tax profit of £9.17m and paid a total dividend of 2.542p.

Exports of instruments, controls and communications have been strong, particularly to markets in the Far East, USSR and China.

Mr Collins said that Cray was affected very little by the dollar, due to the specialised nature of its products, and their relative price insensitivity.

● comment

If 1989 is expected to be Cray's bumper year, 1988 hardly looks bad. Profits for the year to April are expected to increase 45 per cent to £13m. Accelerated growth over the second half will come from a variety of sources: more exports, new defence products, and the recently formed advanced materials division. Cray's ability to derive high margins from conventionally low margin areas-such as defence-by exploiting its technological know-how has earned it a strong City following. It has succeeded in becoming what many other companies strive to be: a specialist operator in small niche markets, difficult for outsiders to break into. This makes a demanding prospective p/e of 17 times more justifiable.

Housebuilders' north-south divide

BY PHILIP COGGAN

PRELIMINARY results for two housebuilding companies yesterday illustrated how the residential property market has split into "two nations" - the prosperous south of England and the rest of the UK.

Countryside Properties, which builds its houses exclusively in south-east England, announced nearly trebled pre-tax profits as it reaped the benefits of a house price boom.

The average price of its units increased by more than 45 per cent, from £64,000 to £93,000.

With the help of a £1m jump in commercial development profits, Countryside was able to boost pre-tax profits for the year to September 30 to £11.12m from £4.16m.

Earnings per share more than doubled to 21.6p (10.5p) and the final dividend is being increased to 1.28p (1.025p), making a total of 1.91p (1.588p).

Countryside had little but good news yesterday. Forward sales reservations are currently £60m - a historic high - and the company owns or controls enough land to develop a further 5,000 homes.

Mr Alan Cherry, the chairman, said the October stock market crash, which some were worried would affect the housing market, had not adversely affected sales.

In Scotland, however, where London & Clydeside Holdings is a housebuilder, the picture is quite different. Prices there, according to recent estimates, have been rising at only 1 per cent per annum; and the average price of L & C's units rose just 4 per cent to £42,000.

Moreover, the end of the oil boom meant that in Aberdeen, where London & Clydeside had previously built about a third of its houses, prices actually fell by about 25 per cent last year.

In attempting to find new sites to replace the Aberdeen business, London & Clydeside experienced lengthy planning delays and as a result, the number of units sold was 10 per cent down on the previous year.

The result was that pre-tax profits for the year to September 30, 1987 were nearly 40 per cent down to £1.05m (£1.74m). And despite a sharply reduced tax charge, earnings per share fell from 11.1p to 9.7p.

London & Clydeside is hoping for a better performance in 1988 - via increased commercial development and by a recovery in unit sales. But the company is heavily borrowed - gearing is 112 per cent - and will do well to restore profits to the 1985 - 86 levels. The final dividend is being maintained at 4p.

The two companies' share prices also went different ways yesterday. Countryside's shares rose 17p to 246p but London & Clydeside's fell 2p to 105p.

Ferranti in £8.7m US deal

By Andrew Hill

Ferranti, electronics group, is expanding its civil computing interests in the US by purchasing the health-care systems division of Pentamation Enterprises, a computer systems company, for about $16m (£8.7m).

The division, which had a turnover of about $18m in 1986-87, provides computer data centres and individual computer systems for the administration of US hospitals. Ferranti Computer Systems is the UK market leader in clinical computer systems.

Ferranti says Pentamation's administrative computer systems could be used in the National Health Service in the UK where Ferranti already operates clinical systems.

The Pentamation division, which is based in Baltimore, will be renamed Ferranti Healthcare Systems Corporation and managed as part of the Wythenshawe division of Ferranti Computer Systems.

Ferranti now plans to expand its healthcare systems into Europe.

Adelaide Steamship attacks Coates deal

BY DAVID WALLER

Adelaide Steamship, the Australian conglomerate which through the property company Markheath owns more than 20 per cent of Coates Brothers, the UK printing ink manufacturer, yesterday hit out at the terms of a proposed deal between Coates and CdF-Chimie, the French state-owned chemicals group, details of which were announced last week.

Mr John Spalvins, managing director of Adsteam and Markheath chairman - in London to report the property company's interim results - denounced the arrangement, saying that it was structured to give the French government control of Coates without obliging it to make a full bid.

Coates said last week that it intended to buy Lorilleux International, a CdF subsidiary, in exchange for the issue of new Coates shares; at the same time, CdF agreed to launch a partial offer for 10 per cent of Coates. This would have the effect of diluting Adsteam's holding to approximately 14 per cent.

"The proposed deal cuts across the basic principal that if you have 30 per cent of a company, you are obliged to make a full bid for it," Mr Spalvins said. "There should at least be a cash alternative available to all shareholders."

He declined to say how Adsteam would seek to frustrate the proposals, which are due to be voted on at a Coates extraordinary meeting scheduled for February 1, saying only that he had a range of options open to him. He acknowledged that one of these would be for Markheath to launch a counter-offer for Coates.

John Spalvins - need for cash alternative for holders

Meanwhile, Markheath's figures for the half year to September 30 showed a turnround from loss to profit. The company made pre-tax profits of £1.38m against losses of £470,000 previously.

Earnings per share were 2.64p, against a loss of 0.74p, achieved on a substantially enlarged equity base after Adsteam took just under 50 per cent of the property company in return for the issue of new shares.

Mr Paul Bobroff, Markheath managing director, attributed the turnround to a more aggressive trading policy and a more spirited approach to management. Turnover rose from £1.07m to £8.31m, and income from investment policies more than doubled to £425,000 (£231,000).

Dividend income from the Coates stake was £729,000 and the interim dividend is raised from 0.8p to 1p per share.

Leigh Interests

Leigh Interests, the waste management company, expects to add about £4m to group turnover through its acquisition of 11 businesses since last February. The acquisitions cost a total of £2.66m.

Reliance rises 12% halfway

A 12 per cent rise in pre-tax profits was achieved by Reliance Security Group in the six months to October 5 1987.

The group, which supplies manned security services throughout England and Wales, made £884,000 (£792,000) on turnover up 30 per cent from £11.24m to £14.56m.

Mr Brian Kingham, chairman, said there was pressure on profit margins arising from the fall in unemployment, the comparatively high level of wage settlements and increasing price competition in the industry. Results also reflected the increased investment in new support systems.

Earnings per share fell from 5.9p to 5.6p. This reflected the fact that the new capital raised in the March USM flotation was earning a lower return in the short term than from investment in the basic business or in an acquisition.

Mr Kingham expressed confidence about prospects as the market for security services continued to grow and the group was well placed to take advantage of any opportunities.

Efforts would be concentrated on increasing sales in the high quality part of the market.

An interim dividend of 1.5p is to be paid and the directors intended to recommend a final of not less than 3p.

Westpool Trust ahead at midway

Taxable profits of Westpool Investment Trust rose from £1.96m to £2.15m in the six months to end-October.

Directors said the profits increase was again attributable to London Merchant Securities' final dividend. Westpool controls over 50 per cent of the LMS equity.

Gross income rose to £2.39m (£2.24m), of which the dividend from LMS contributed £2.22m (£2.06m). A reduced tax charge of £613,000 (£635,000) left earnings per share of 1.56p (1.35p).

There was also an extraordinary credit of £9.4m (£723,000) which mainly represented gains from sales of investments. The sum has been transferred to capital reserves.

The interim dividend is maintained at 0.35p.

Parkway terms

Parkway Group, the pre-press services supplier, has altered the terms of its acquisition of art materials supplier C. J. Graphics. No deferred consideration will now be payable; instead the initial consideration is being increased by the issue of a further 250,000 Parkway ordinary shares.

The total payment will be £1m in cash and 885,000 ordinary shares, valuing the deal at £3.12m.

Crescent Japan

The New York-based concert party which has been building an interest in Crescent Japan, the investment trust managed by Edinburgh Fund Managers, announced that it had lifted its holding to 18.68 per cent.

The concert party comprises four members of the Grace family, Mr John Pinto, Mr James Pinto and Mr James Rosenwald.

ABP to buy Colchester dock operator for £4m

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

Associated British Ports Holdings, the UK's biggest port operator, yesterday announced plans to buy Colchester Dock Transit from the Dalgety group for £4m cash.

The deal is the group's second port acquisition in six days following the purchase of Teignmouth Quay Company (Holdings) for £3.4m.

Colchester and Teignmouth are outside the National Dock Labour Scheme, which reserves some areas of dock work for registered dockers.

The two ports, which have a combined workforce of about 100, will operate as separate subsidiaries from ABP's 19 existing ports, all of which are within the dock labour scheme.

ABP Holdings said the two ports, both profitable, would strengthen its activities in East Anglia, where it owns King's Lynn and Lowestoft, and the west, where it operates Plymouth Millbay docks.

The group, formerly the British Transport Docks Board, has had unsuccessful talks aimed at acquiring several port operators since being sold to the private sector in 1983, including Sealink Harbours and Bristol City Council.

Northumbrian up at halfway

Northumbrian Fine Foods, supplier of health food and biscuit products, increased pre-tax profits 30 per cent in the wake of recent acquisitions from £259,000 to £336,000 in the six months to October 2.

Turnover rose from £1.86m to £2.21m and the company, which came to the USM in December 1986, announced a maiden interim dividend of 0.75p. Earnings per 5p share worked out at 3.2p (2.9p) after tax of £88,000 (£51,000).

NORFOLK CAPITAL, through its subsidiary Norfolk Capital Inns, has acquired the George and Dragon, at Houghton, Arundel, for £650,000. It has an annual turnover of £322,000

Trent rises 52%

Trent Holdings, maker of specialist doors and fittings, is feeling the advantages of its investment in reducing delivery times. This enabled it to concentrate on higher margin business, with a resultant 52 per cent advance in profit for the six months ended September 30 1987.

Turnover rose 23 per cent to £4.51m (3.65m) and the profit worked through at almost £400,000 (£263,000). The interim dividend is lifted to 0.5p (0.46p) from earnings of 4.01p (2.64p).

Yearlings up 3/16

The interest rate for this week's issue of local authority bonds is 9⅝ per cent, up 3/16 of a percentage point from last week, and compares with 10 11/16 per cent a year ago. The bonds are issued at par and are redeemable on January 18 1989.

A full list of issues will be published in tomorrow's edition.

SHARE STAKES

Changes in company share stakes announced recently include:

Nu-Swift Industries - Hawley Group, through a wholly-owned subsidiary, bought 127,500 ordinary, and now has 8.93m (20.3 per cent).

Scottish Television - Las Investments increased its interest from 5.67 per cent to 6.3 per cent, holding 674,250 ordinary for the benefit of various funds under its management.

Kennedy Brookes - Ellermans Finance acquired an additional 235,000 ordinary and Barclays Hotel Group 4.87m. Both companies are controlled by D R and F H Barclay and their holding now totals 5.11m (12.1 per cent).

Polly Peck International - Restro Investments, a private company beneficially owned by Mr Asil Nadir, has bought 100,000 ordinary and now holds 36.69m (24.2 per cent), of which 34.75m are held through Restro Investments.

Microvitec - Dr Tony Martinez, a former director, lifted his holding to 6.45m ordinary (23.74 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Sidney C. Banks, Bespak, Dixons, Multitone Electronics, New Witwatersrand.

Finals- A.G. Barr, Cranbrook Electronic, Gold Fields Property, Greenwich Resources, M & G Dual Trust, Southern Business Group, Vogelstruisbult Metal.

FUTURE DATES

Interims-

AGB Research	Jan 26
Abingworth	Jan 21
Adscene	Jan 19
Biotechnology Investments	Jan 27
British Bloodstock	Jan 25
Cantors	Jan 22
Davies (D.Y.)	Jan 29
Electron House	Jan 19
Free State Cons Gold	Jan 21
Gold Fields of Sth Africa	Jan 19
Honorbilt	Jan 18
Kenyon Securities	Jan 20
Murray Income Trust	Feb 23
Murray International Tst	Feb 23
Murray Smaller Markets Trust	Jan 28
Welsh Industrial Inv Tst	Jan 15

Finals-

Derby Trust	Jan 20
Elandsrand Gold Mining	Jan 21
KLP	Jan 25
St Andrews Trust	Jan 21
South African Land and Exploration	Jan 21
Southwest Holdings	Jan 21
Vaal Reefs Exploration and Mining	Jan 21
Western Deep Levels	Jan 21

Public Works Loan Board rates

Effective January 11.

Years	Quota loans repaid by EIP†	Quota loans repaid At†	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At†	Non-quota loans A* repaid at maturity§
1			9⅝			10⅝
Over 1 up to 2	9⅝	9⅝	9⅝	10⅝	10⅝	10⅝
Over 2 up to 3	9⅝	9⅝	9⅝	10⅝	10⅝	10⅝
Over 3 up to 4	9⅝	9⅝	9¾	10⅝	10⅝	10½
Over 4 up to 5	9⅝	9⅝	9¾	10⅝	10⅝	10½
Over 5 up to 6	9¾	9¾	9⅞	10¼	10¼	10⅝
Over 6 up to 7	9¾	9¾	10	10¼	10¼	10½
Over 7 up to 8	9¾	9¾	10⅛	10¼	10¼	10⅝
Over 8 up to 9	9¾	9¾	10⅛	10¼	10¼	10⅝
Over 9 up to 10	9¾	9⅞	10⅛	10¼	10⅜	10⅝
Over 10 up to 15	10	10⅛	10	10½	10⅜	10½
Over 15 up to 25	10⅛	10	10	10⅜	10½	10½
Over 25	10	10	9⅞	10½	10½	10⅜

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

ITC gives up battle over documents

By Raymond Hughes, Law Courts Correspondent

THE INTERNATIONAL Tin Council has given up its battle to stop its internal documents, or copies of them, being used as evidence in litigation arising out of its collapse into insolvency in October, 1985.

Last month five Law Lords ruled that disputed categories of documents emanating from the ITC did not have the protection from disclosure enjoyed by its archives.

This week the High Court judge trying the tin case in which the issue arose was to have decided on the admissibility of particular documents in the light of the Law Lords' ruling.

The court hearing became unnecessary when the ITC abandonned its opposition to the use of the documents, in the particular action and in other pending tin cases.

The ITC had intervened in an action in which two Shearson Lehman companies are suing two London tin traders – J.H.Rayner (Mincing Lane) and Maclaine Watson – for a total of more than £61m under tin sale contracts, and also challenging the validity of the London Metal Exchange's rule which imposed a fixed settlement price on outstanding tin contracts following the ITC's collapse.

Various of the parties have obtained ITC documents or copy documents that they want to use as evidence. The ITC contended that all the material was part of its archives and thus protected from disclosure without its consent under the 1972 International Tin Council (Privileges and Immunities) Order.

A possible further delay to the action has been avoided by the decision of the parties wishing to use the documents not to challenge the objection of the Attorney-General, Sir Patrick Mayhew, QC, that it would be against the public interest for a small number of the documents to be disclosed in court.

The action will come on for trial in June.

Cuba holds sugar trade meeting

CUBAN SUGAR authorities recently held a meeting in Havana with members of the international trade and Soviet officials over problems in fulfilling its sugar export commitments in the first half of 1988, Reuter reports from Havana.

Cuba tried at the meeting to set up a deal whereby deferred early 1988 shipments, including those to traditional outlets such as the Soviet Union, would be replaced by the trade with other sugar. Some 500,000 tonnes are believed to be involved.

The meeting may have failed but trade representatives are said to be still in Cuba.

Chris Sherwell reports on CRA's massive discovery in Victoria

Australian minerals find changes market outlook

CONFIRMATION OF massive deposits of heavy minerals under the wheat fields of southern Australia is prompting a major revision of forecasts for world supplies of titanium, zircon and rare earth elements.

First details of the resource were revealed in Melbourne on Monday night by CRA, the 48 per cent-owned Australian affiliate of RTZ of the UK.

Analysts said it might allow the company to set the market in heavy minerals for more than 20 years, and dramatically enhances Australia's position at the head of the reserves table.

The titanium ores – rutile, anatase, ilmenite and leucoxene – are used to produce titanium dioxide, which is used principally as a white pigment in paint, plastics and paper. Zircon is used as a refractory material in steel-making and as an opacifier in ceramic glazes.

The rare earth elements – notably yttrium, europium and samarium – have specialised applications in electronics, superconductors and high-strength magnets.

Unlike existing Australian deposits, which are typically found as beach sands, CRA's find is located beneath four-metre thick clays on farmland near Horsham in the state of Victoria. It consists of a 10 to 15-metre deep sand layer spread over an area of around ten square miles.

According to the company, "proven in situ reserves exceeding 1,000m tonnes at over three per cent heavy minerals have been established in the primary exploration area. The proven reserves are part of a larger resource estimated at 4,900m tonnes averaging over two per cent heavy minerals."

The find is said to increase published Australian reserves of titanium and zircon by around 35 per cent and to treble those for rare earths.

In a breakdown, CRA says reserves of titanium-bearing ores in the primary exploration area put it at 3.4m tonnes of rutile and anatase, 4.6m tonnes of leucoxene and 12.5m tonnes of ilmenite.

The figure given for zircon is 5.1m tonnes, while for the rare earth ores it says there are 550,000 tonnes of monazite and 170,000 tonnes of xenotime.

Prior to the disclosure, Australia already held the world's largest reserves of titanium, zircon and rare earth ores. Other countries with significant reserves include Brazil, South Africa, India, Norway, Canada and the US.

The three major Australian producers are Renison Gold Fields, which is 49 per cent owned by Consolidated Gold Fields, Consolidated Rutile, which is indirectly linked to Gencor of South Africa, and Westralian Sands. The company which dominates the world market for rare earths is Rhone Poulenc of France.

A CRA official said production from the new deposit was unlikely to begin before the early 1990s since an evironmental impact statement had to be drawn up and a new flotation technology to concentrate the ore had to be proven.

On the likely market impact, the official said production was unlikely to be at a faster rate than that of existing Australian producers. The outlook for titanium was for steady growth, while zircon faced tight supply and the rare earths promised rapid growth, the official said.

But consultants Australian Mineral Economics said the price implications were significant as there was no larger deposit in the world. "CRA can virtually set the market for the next 20 to 50 years," said Mr Jim Vale, the managing director. "But the company is only likely to bring to market tonnages it can afford to absorb."

Prices for ilmenite, rutile and zircon have all firmed in recent years. Rutile currently sells for A$570 to A$620 (£222 to £242) per tonne in bulk form, about the same as a year ago.

Zircon bought fob on the spot market on Australia's east coast currently sells for A$650 to A$750 per tonne, which compares with A$520 to A$600 a year ago.

Fourth attempt to halt cocoa price slide

By David Blackwell

COCOA PRODUCERS and consumers meet in London today for an emergency session of the International Cocoa Organisation (ICCO). It is the fourth time they have met in attempts to find a way of restoring the operation of the price support mechanism, which has been suspended since June last year.

Mr Edouard Kouame, executive director of the organisation, is hopeful that this time delegates will succeed in putting together a compromise package to restore buffer stock buying and halt the slide in prices.

The news this week that Mr Denis Bra Kanon, Agriculture Minister of the Ivory Coast, is to attend the talks was in itself a good sign, analysts said.

Last week the Ivory Coast Agriculture Ministry was giving few clues as to the country's position – but officials did say it would be more flexible. The Ivory Coast is particularly keen to see the introduction of a proposed withholding scheme to supplement buffer stock buying.

After the failure of the last meeting on December 4 prices nosedived to around £1,000 a tonne, but have since recovered.

Philippines seeks wider coconut sales

BY RICHARD GOURLAY IN MANILA

PHILIPPINE coconut product exporters are being encouraged by the Government to increase sales to the Soviet Union and the People's Republic of China because of perceived threats to traditional markets.

The Philippine Coconut Authority has also stepped up an information drive to cut the level of dangerous aflatoxins which European buyers, particularly in Hamburg, are saying are reaching unacceptably high levels.

Officials in Manila are increasingly nervous about an American Soybean Association campaign against the alleged high cholesterol levels of tropical oils and European Commission efforts to introduce new levies on coconut oil that they say would effectively double the Philippine export prices.

The Soviet Union and China took less than 5 per cent of Philippine coconut oil exports in the first nine months of 1987, compared with American and European shares totalling more than 80 per cent. China has a trade protocol with the Philippines allowing export of 60,000 tonnes of coconut oil – soon to rise to 90,000 tonnes – but Philippine traders only shipped about 13,000 tonnes last year, PCA officials said.

Mr Norberto Romualdez, assistant administrator for marketing at the PCA, said the Philippine International Trading Corporation which deals with the Chinese trade protocol will be streamlined to cut red-tape that discourages traders in Manila. The PCA, which has played no role in coconut product marketing since deregulation in 1986, said all trading will remain at market prices.

Philippine export volume fell by 18 per cent to 1.92m tonnes of copra equivalent in 1987 but its value grew by 19 per cent to $562m, according to provisional industry estimates.

Mr Romualdez said the continuing export of copra meal, used for animal feed – all $74m of which went to Europe in 1986 – could soon be threatened because of complaints about aflatoxin levels. The PCA is trying to encourage coconut farmers to operate cheap dryers made from oil drums instead of allowing the coconut husks to dry in the sun. Aflatoxins develop because of high moisture content in the copra meal and moulds.

INDONESIA has announced a ban on 16 kinds of export commodities including some natural rubber, scrap iron, kapok cotton seeds, rattan and sandalwood materials, reports Reuter from Jakarta.

Rubber usage rises 3.7%

WORLD CONSUMPTION of natural and synthetic rubber rose by 3.7 per cent, or about 500,000 tonnes, to 14.12m tonnes last year, according to estimates by the London-based International Rubber Study Group, writes David Blackwell.

The group puts production of synthetic rubber for the year at a record 9.48m tonnes – an increase of 3.5 per cent over 1986. Consumption was a record 9.55m tonnes.

Production of natural rubber increased by 130,000 tonnes to 4.56m tonnes, reflecting higher output from Malaysia, Indonesia and Thailand.

As in the previous year Asia accounted for nearly half the increase in total world rubber consumption, with China's offtake rising by nearly 16 per cent.

Danish farmers' leader warns of income squeeze

BY HILARY BARNES IN COPENHAGEN

DANISH FARMERS need to know whether the country's politicians want to dismantle or develop agriculture, according to Mr H.O.A. Kjeldsen, president of the Agricultural Council, umbrella organisation for Danish farmers' unions, and of COPA, the European farmers' organisation.

Net farm incomes in Denmark fell by 55 per cent to about DKr 30,000 (about £2,400) in 1987, compared with an average decline throughout the EC of 6 per cent, according to figures presented by COPA on Monday.

Danish farmers were being squeezed from three directions at once, said Mr Kjeldsen – by EC farm support cuts, high Danish interest rates and a requirement for heavy investments in anti-pollution measures.

"Many farmers are unable to raise the finance for these investments, and those who are able to raise the money can see that the investments won't pay off," he said.

He feared therefore that Danish production would go into decline.

Although Danish agriculture went through a major financial crisis in 1979-81 there was no fall in output, but this time it was different, said Mr Kjeldsen.

Production in the dairy sector had already been reduced as a result of CAP restrictions. Now pig production was set to fall substantially in 1988.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,300-2,340 (2,310-2,350).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 4.40-4.60 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 3.08-3.13 (3.05-3.13), sticks 3.08-3.13 (3.05-3.13).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.10-7.25 (7.00-7.15).

MERCURY: European free market, min 99.99 per cent, $ per 76 lb flask, in warehouse, 300-310 (290-300).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.05-3.10 (3.00-3.10).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 9.15-9.35 (9.10-9.35).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO_3, cif, 49-58 (same).

VANADIUM: European free market, min 98 per cent V_2O_5, cif, 2.80-2.90 (same).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.65 (same).

Palm oil and rubber price rises lift Malaysian spirits

BY WONG SULONG IN KUALA LUMPUR

GOOD TIMES have returned to Malaysia's commodity sector with prices of palm oil and rubber surging to three year highs.

Last year's export earnings from the two commodities are estimated to have exceeded 7.2bn ringgit (US$2.9bn), an increase of 1.1bn ringgit over 1986.

The rubber market improved steadily, with overseas demand remaining firm throughout the year. Having averaged 208 cents a kg in 1986 RSS 1, the premium grade, began 1987 at 227 cents and climbed to nearly 270 cents by December.

The International Natural Rubber Organisation's five-day moving average price breached the "must sell" level of 242 Malaysian/Singapore cents a kg early this month, although the buffer stock manager had unloaded more than 40,000 tonnes from his 370,000 tonne stockpile since September.

"It (1987) has been a bullish year for rubber, despite the overhang of the Inro stockpile, and the uncertainties regarding the future of the International Rubber Agreement in the early part of the year," said an official of the Malaysian Rubber Exchange.

AIDs fears boosted natural rubber latex, used for the production of surgical gloves and condoms, and helped to push prices to record highs in the first half of the year. The sector is now expecting lower premiums and overproduction, however, as factories rush in to produce this grade of rubber.

The turnround for palm oil was even more startling. Early in 1986 palm oil tanks were full to the brim with nearly 1m tonnes of stocks and prices plunged to 430 ringgit a tonne in March of that year, sending shock waves throughout the industry.

For 1986, the average crude palm oil price was 579 ringgit a tonne, barely profitable even for the most efficient plantations, which boast production costs as low as 500 ringgit a tonne.

Prices have recovered strongly, however, and are now above 1,100 ringgit a tonne. For 1987 as a whole the palm oil price is estimated to have averaged more than 800 ringgit, representing a near 40 per cent increase over the previous year.

Malaysian palm oil exports for 1987 were probably around 4m tonnes, compared with 4.3m tonnes in 1986.

Production was down because of low fertiliser use. A drought in India, devasting typhoons in the Philippines and tight palm oil supplies in other producing countries helped to push up prices.

For Malaysia's highly efficient plantations the strong prices, plus the cost consolidation undertaken during the recessionary years of 1985-86, meant a return to high profitability.

The first to report this trend was Kuala Lumpur-Kepong, the country's fourth largest plantation group, in an announcement last month. It said its post-tax profits for the year ended September had risen by nearly 260 per cent to 60.4m ringgit. That was achieved from a turnover increased by only 27 per cent, indicating the strong improvement in profit margins.

But during October's world stock market crash Malaysian plantation shares suffered as severely as any. That provided the opportunity for institutional investors, such as Permodalan Nasional Berhad, the Government's national equity corporation, and the Kuwaiti Investment Office, to pick up shares at what are now regarded to have been very attractive prices.

Smallholders have also benefited from the price boom. The Phang family of six people own eight acres of rubber land in the fertile Sitiawan district on the Straits of Malacca. Their daily income this year is 150 ringgit, several times more than that of the average family in Kuala Lumpur.

Cocoa is the only Malaysian commodity that is not doing well, because of weaker prices arising from the world's surplus. Even so, an estimated 15 per cent increase in Malaysian exports to 150,000 tonnes is estimated to have brought unchanged export receipts in 1987 of 500m ringgit.

The strong performance of the commodity sector is the bright spot in an otherwise somber Malaysian economic and political scene, but economists have warned.

"The fact is we are still a high cost producer compared with our neighbours, Indonesia and Thailand," said a senior government official.

"We only have an edge over them in research, technology and marketing, but even in these areas they are catching up. Unless we continue to keep our costs down, particularly our labour costs, we could land ourselves in a lot of trouble once a commodity surplus builds up and prices weaken."

WORLD COMMODITIES PRICES

LONDON MARKETS

THE BALTIC International Freight Futures Exchange dry cargoes contract touched a new high of 1,520 points on the second position early yesterday before tumbling on heavy profit-taking in near-record volume of 1,059 lots. It closed at 1,488 points, a fall of 7 points over Monday. Dealers said the fall marked a technical correction to the strong advance in the market since the turn of the year. The physical market remained firm, they said, with underlying sentiment still bullish. On the London Metal Exchange nickel prices were firmer on isolated trade house buying in the face of general selling reserve. Traders said the $3.20 to $3.25 level seemed to be attracting fresh consumer business after last week's sharp decline which took forward values from a record high of $4.10 down to $2.95 at one stage.

SPOT MARKETS

Crude oil (per barrel FOB January)		+ or -
Dubai	$14.70-4.80y	-0.55
Brent Blend	$15.85-6.00	-0.60
W.T.I. (1 pm est)	$16.35-6.45y	-0.55
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$159-162	-3
Gas Oil	$145-147	-6
Heavy Fuel Oil	$71-72	-4.5
Naphtha	$141-144	-4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♦	$481.75	-2
Silver (per troy oz)♦	685c	-9
Platinum (per troy oz)	$487.25	-8.25
Palladium (per troy oz)	$127.50	-0.25
Aluminium (free market)	$1990	
Copper (US Producer)	139½-145c	
Lead (US Producer)	40c	
Nickel (free market)	335c	+6
Tin (European free market)	£3830	
Tin (Kuala Lumpur market)	17.18r	-0.05
Tin (New York)	321c	-0.5
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	104.92p	+0.82*
Sheep (dead weight)†	159.58p	-12.89*
Pigs (live weight)†	84.35p	-1.93*
London daily sugar (raw)	$239.80v	-4.80
London daily sugar (white)	$244.80v	-3.70
Tate and Lyle export price	£239.00	-2.00
Barley (English feed)	£111.00	
Maize (US No. 3 yellow)	£136.00	
Wheat (US Dark Northern)	£94.75u	-3.00
Rubber (spot)▼	65.50p	-1.00
Rubber (Feb)▼	67.75p	-0.25
Rubber (Mar)▼	67.50p	-0.25
Rubber (KL RSS No 1 Feb)	283.50m	+3.00
Coconut oil (Philippines)§	$545.00v	-30
Palm Oil (Malaysian)§	$497.50	-2.50
Copra (Philippines)§	$380.00	
Soyabeans (US)	£173.00	-0.50
Cotton "A" index	73.30c	-0.70
Wooltops (64s Super)	484p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. v-Jan/Feb. z-Dec. y-Feb. u-Apr/May † Meat Commission average fatstock prices. * change from a week ago. ▼ London physical market. § CIF Rotterdam ♦ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low	
Mar	1123	1129	1130	1120
May	1143	1152	1151	1142
Jly	1163	1171	1170	1161
Sep	1182	1190	1190	1180
Dec	1204	1213	1213	1204
Mar	1230	1240	1238	1230
May	1250	1259	1253	1248

Turnover: 2803 (3858) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for January 12: 1439.15 (1451.03). 10 day average for January 13: 1467.04 (1387.98).

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1187	1182	1189	1178
Mar	1218	1208	1218	1203
May	1235	1227	1234	1222
Jly	1255	1247	1256	1244
Sep	1274	1268	1266	1264
Nov	1300	1290	1284	
Jan	1320	1310		

Turnover: 3747 (2564) lots of 5 tonnes
ICO indicator prices (US cents per pound) for January 11: Comp. daily 1979 113.94 (114.46); 15 day average 114.85 (114.95).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	205.40	210.80	216.00	205.20
May	205.20	209.80	214.20	205.00
Aug	204.20	209.20	214.20	205.00
Oct	204.80	209.60	213.00	204.60
Dec	208.00	212.00		
Mar	208.00	212.80		
May	209.00	214.20		
White	**Close**	**Previous**	**High/Low**	
Mar	242.50	247.00	249.00	242.30
May	247.00	249.00	250.00	246.00
Aug	248.00	253.00	252.70	251.70
Oct	253.00	252.50	249.00	
Dec		253.00		
Mar		257.50	257.00	246.80
May		261.00	249.50	

Turnover: Raw 5195 (4347) lots of 50 tonnes; White 2205 (1182).
Paris- White (FFr per tonne): Mar 1360, May 1386, Aug 1415, Oct 1420, Dec 1420, Mar 1450.

GAS OIL $/tonne

	Close	Previous	High/Low	
Feb	144.25	148.50	146.00	142.00
Mar	138.75	143.75	141.00	137.50
Apr	135.50	139.00	136.50	134.50
May	132.25	135.75	134.00	132.00
Jun	132.00	137.50	134.75	131.75
Jly	131.50	137.00	134.00	131.50

Turnover: 8749 (3198) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jan	110.15	109.90	110.15	110.00
Mar	111.60	111.50	112.10	111.85
May	114.30	113.90	114.50	114.05
Jly	116.85	116.50	116.45	116.05
Sep	103.00	103.10	103.00	
Nov	105.00	105.10	105.00	
Jan	107.70	107.70	107.75	107.70
Barley	**Close**	**Previous**	**High/Low**	
Jan	105.75	105.75	105.25	105.65
Mar	107.75	107.50	108.00	107.50
May	108.45	108.60	108.80	108.40
Sep	98.20	98.20		
Nov	100.65	100.65		
Jan	102.65	102.65		

Turnover: Wheat 291 (389), Barley 179 (158) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,850 tonne
Cash	1990-2000	1990-2010				
3 months	1890-1900	1875-95		1880-90	1880-1900	3,041 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 18,200 tonne
Cash	1092-4	1095-7	1097	1095-7		
3 months	1027-8	1025-7	1033/1027	1029-30	1032-3	46,972 lots
Copper, Grade A (£ per tonne)						Ring turnover 31,400 tonne
Cash	1565-70	1600-5	1600/1565	1598-1600		
3 months	1420-1	1435-8	1451/1421	1444-5	1427.5-8	76,032 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1520-30	1555-65		1520-60		
3 months	1390-1400	1405-15		1415-25		48 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	682-4	690-3		683-6		
3 months	694-7	701-4		695-8	692-7	702 lots
Lead (£ per tonne)						Ring turnover 6,500 tonne
Cash	350-1	352.5-3.5	353/352.5	352-2.5		
3 months	341-2	343-4	345/342	343-3.5	342.5-3	12,213 lots
Nickel (£ per tonne)						Ring turnover 2,084 tonne
Cash	4210-30	4020-5	4150	4130-50		
3 months	3980-5	3825-30	4000/3853	3875-85	3980-5	9,825 lots
Zinc (£ per tonne)						Ring turnover 11,850 tonne
Cash	479-80	477-8	481.5/481	480-1		
3 months	483-3.5	481-2	486/483	484.5-5	484-5	12,278 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	97.50	99.00		
Mar	88.50	88.50		
Apr	149.40	150.50	151.00	149.50
May	163.50	165.00	164.00	
Feb	87.80	95.00		
Feb	96.00	96.00		

Turnover: 176 (524) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Feb	138.50	140.00	138.50	
Apr	134.00	135.00	130.00	129.50
Jun	121.00	121.50	120.00	
Aug	120.00	120.50	119.50	
Oct	121.00	121.00		
Dec	122.00	123.00		
Feb	125.00	126.00		

Turnover: 344 (230) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Jan	1429.5	1430.0	1443.0	1400.0
Apr	1485.0	1495.0	1520.0	1460.0
Jly	1340.0	1350.0	1400.0	1345.0
Oct	1407.5	1422.0	1440.0	1405.0
Jan	1387.5	1415.0	1390.0	1387.5
BFI	1351.5	1350.0		

Turnover: 1059 (993)

JUTE December 1987/January 1988 c and f Dundee BTC $575, BWC $565, BTD $500, BWD $490; c and f Antwerp BTC $550, BWC $540, BWD $485, BTD $495.

COTTON Liverpool - Spot and shipment sales for the week ending January 8 amounted to 345 tonnes against 608 tonnes in the previous week. Operations were fairly low with dealings mainly in West African and Sudanese growths.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	481¼-482	264¼-264¾
Opening	482½-482¾	265¼-265½
Morning fix	482.25	264.876
Afternoon fix	480.40	263.864
Day's high	482½-483	
Day's low	479-479½	
Coins	**$ price**	**£ equivalent**
US Eagle	496-503	273½-276½
Maple leaf	498-503	273½-276½
Britannia	496-503	273½-276½
Krugerrand	480-483	263¾-265½
1/2 Krug	251-262	137¼-142¼
1/4 Krug	134-132	68-72½
1/10 Angel	49-54	
Angel	483-486	
Old Sov.	113¾-115¼	62¼-63¼
New Sov.	113¾-115½	62½-63½
Noble Plat	516¾-522½	284¾-287¾

Silver fix	p/fine oz	US cts equiv
Spot	376.55	685.70
3 months	385.50	695.25
6 months	393.80	711.60
12 months	412.05	738.25

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1800	193	167	51	122
1900	110	107	82	177
2000	68	74	143	242
Aluminium (99.5%)	**Calls**		**Puts**	
1750	207	145	24	79
1800	137	67	33	126
1850	84	81	86	190
Copper (Grade A)	**Calls**		**Puts**	
2400	292	314	61	285
2500	271	226	189	405
2600	180	174	276	536

US MARKETS

PRECIOUS METALS were weak again despite early trade buying in gold, as fund and commission house selling eased prices, reports Drexel Burnham Lambert. Trade buying was noted at the lows and in platinum an early penetration of support levels saw sell-stops elected, but the market recovered in light volume. Copper eased on local and commission house selling which touched off stops following early overseas buying. Crude oil futures led the energy complex as trade, commission house and local selling touched off stops. A profit-taking rally only uncovered more trade selling. Sugar ended lower after a volatile day. Early commission house sell-stops were hit, driving prices lower, but aggressive trade buying emerged, touching off commission house buy-stops before the trade turned seller at the highs to once again send prices lower. Reports that Brazil may be forced to sell sugar and that the Soviet Union had withdrawn from the market were cited as reasons. Coffee traded lower on commission house buying despite fund selling. Cotton eased on commission house selling although support did emerge at the lows.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	480.7	481.9	479.0	479.0
Feb	482.3	483.2	483.9	481.8
Apr	484.3	485.8	0	0
Jun	486.3	488.6	486.8	486.0
Aug	491.1	495.4	495.3	491.5
Oct	500.1	501.6	502.5	500.5
Dec	505.6	508.0	507.0	505.7
Feb	512.3	514.6	514.5	511.0
Jun	518.6	521.1	520.0	520.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	500.9	500.8	502.0	495.0
Apr	507.4	507.6	506.5	501.5
Jly	515.4	515.1	513.5	509.0
Oct	521.5	522.3	519.0	[illegible]
Jan	531.4	531.1	0	0
Apr	537.0	0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	674.0	683.1	681.0	[illegible]
Feb	677.3	686.1	0	0
Mar	681.0	690.3	694.0	680.0
May	690.3	700.4	701.5	691.0
Jly	700.1	710.0	714.0	701.0
Sep	708.5	713.4	714.0	708.0
Dec	724.6	739.1	730.0	725.0
Jan	729.3	744.0	0	0
Mar	738.2	752.5	0	0
May	750.5	765.5	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	133.20	138.55	134.00	133.20
Feb	124.20	128.00	0	0
Mar	117.15	119.70	120.70	116.25
May	107.20	109.00	108.00	106.50
Jly	98.50	101.10	[illegible]	[illegible]
Sep	93.10	91.60	92.80	91.50
Dec	90.00	91.90	0	0
Mar	88.00	90.90	0	0
May	87.00	88.10	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Feb	16.50	16.75	16.70	15.95
Mar	16.32	16.63	16.48	15.80
Apr	16.20	16.51	16.38	15.71
May	16.15	16.41	16.25	15.70
Jun	16.10	16.34	16.10	15.67
Jly	15.90	16.28	15.90	15.63
Aug	15.92	16.22	15.92	15.65
Sep	15.82	16.18	15.92	15.55
Oct	15.80	16.10	15.65	15.60
Nov	15.69	16.04	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Feb	51.10	51.78	51.50	50.05
Mar	47.75	48.58	48.30	46.60
Apr	45.05	45.80	45.45	43.95
May	43.60	44.30	43.80	42.90
Jun	42.80	43.50	42.80	41.75
Jly	43.00	43.30	43.00	41.75
Aug	42.45	44.00	42.95	42.45

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1868	1891	1902	1863
May	1917	1918	1925	1910
Jly	1947	1944	1950	1937
Sep	1973	1973	1975	1970
Dec	2008	2008	2008	2005
Mar	2035	2037	0	0
May	2065	2067	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	128.98	128.82	127.75	126.80
May	129.82	129.30	129.50	129.30
Jly	131.80	131.43	132.50	131.75
Sep	133.75	134.50	[illegible]	[illegible]
Dec	137.75	137.75	137.75	137.75
Mar	140.82	140.30	0	0
May	140.50	138.20	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.22	9.35	9.60	9.12
May	9.08	9.32	9.49	9.00
Jly	9.10	9.32	9.42	9.08
Oct	9.04	9.32	9.52	9.00
Jan	9.05	9.33	0	0
Mar	9.30	9.51	9.68	9.20
May	9.32	9.53	9.60	9.20

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	64.13	65.30	64.91	63.60
May	64.75	65.80	65.55	64.38
Jly	64.80	65.89	65.52	64.85
Oct	63.90	64.50	63.30	63.30
Dec	63.15	64.50	65.05	64.80
Mar	63.05	62.70	64.00	[illegible]
May	63.45	64.62	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	173.50	174.60	176.00	171.75
Mar	174.80	176.80	176.70	175.00
May	175.15	176.50	176.70	175.00
Jly	174.45	175.75	174.90	[illegible]
Sep	174.25	173.45	176.00	174.00
Nov	171.25	172.75	172.00	171.00
Jan	169.05	170.55	169.50	169.00
Mar	168.40	170.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 11	Jan 8	mnth ago	yr ago
1762.3	1764.1	1681.5	1600.4

DOW JONES (Base: December 31 1974 = 100)

Spot	134.44	134.32	129.98	124.89
Futures	137.10	137.28	134.31	115.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	605/2	615/4	618/4	605/0
Mar	612/4	625/0	627/0	612/0
May	620/6	631/4	634/4	620/4
Jly	626/6	637/2	639/6	626/0
Aug	625/0	635/4	637/0	625/0
Sep	619/0	629/4	628/0	619/0
Nov	619/2	631/2	627/0	616/0
Jan	625/4	635/4	631/0	625/0
Mar	633/4	645/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	21.79	22.15	22.15	21.77
Mar	21.85	22.22	22.20	21.81
May	22.11	22.45	22.46	22.07
Jly	22.18	22.47	22.50	22.15
Aug	22.15	22.45	22.45	22.15
Sep	22.10	22.30	22.40	22.10
Oct	22.10	22.15	22.25	22.10
Dec	22.10	22.17	22.40	22.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	183.2	190.8	190.0	183.0
Mar	185.5	191.4	191.5	185.0
May	178.2	181.5	181.5	178.0
Jly	178.1	180.4	180.0	178.0
Aug	177.4	180.5	179.5	177.0
Sep	176.4	180.5	180.5	176.5
Oct	176.0	178.5	178.0	176.0
Dec	176.0	178.5	178.0	176.0
Jan	177.5	180.5	177.0	178.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	193/4	195/2	195/6	193/0
May	199/6	202/2	202/4	199/2
Jly	204/4	206/4	206/4	204/0
Sep	207/2	209/0	208/4	206/4
Dec	211/4	213/4	213/4	211/0
Mar	218/0	220/4	219/0	[illegible]
May	221/4	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	325/0	327/0	328/0	322/4
May	324/2	327/0	327/4	322/4
Jly	318/2	318/0	318/6	314/0
Sep	318/6	321/4	320/4	317/2
Dec	329/0	331/2	330/4	328/0
Mar	335/0	337/2	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	68.42	65.56	66.92	66.20
Apr	68.45	67.82	67.80	67.05
Jun	67.37	67.57	67.90	67.25
Aug	65.50	65.72	65.90	65.45
Oct	64.55	64.85	64.80	64.45
Dec	64.50	64.40	64.85	64.55

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	45.77	45.55	45.80	45.30
Apr	42.82	42.95	43.20	42.60
Jun	47.07	47.10	47.50	46.80
Jly	47.62	47.70	47.90	47.40
Aug	46.45	46.42	46.65	46.20
Oct	42.17	42.30	42.55	42.00
Dec	41.70	41.42	41.85	41.20

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	54.50	55.72	56.10	54.80
Mar	54.32	55.50	55.85	54.65
May	55.50	57.55	57.50	55.50
Jly	57.00	57.72	58.30	57.00
Aug	57.10	57.47	57.95	57.00

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar trading subdued

TRADING WAS confined to a narrow range in currency markets yesterday. Central banks were conspicuous by their absence but the scale of recent intervention was sufficient to deter any determined dollar selling, in what was a relatively thin market.

This restricted the dollar's downside potential, while the release on Friday of US trade figures for November was sufficient to deter traders from taking long positions.

Comments by President Reagan, suggesting that the US trade deficit was a "sign of strength" prompted a mixed reaction, with some traders now suspecting a larger deficit than had previously been expected. October's shortfall was a record $17.63bn.

Dealers were a little nervous at the start of trading in London and were looking for intervention by European central banks, after modest support given by the Bank of Japan in Tokyo. However European authorities remained on the sidelines and although the US Federal Reserve made inquiries in early New York trading, there was no evidence of any intervention.

The dollar closed towards the day's lows as US banks started to sell dollars. However the extent of the fall was relatively modest and the dollar closed at DM1.6350 from DM1.6370 and Y127.40 compared with Y128.15. Elsewhere it slipped to SFr1.3345 from SFr1.3375 and FFr5.5200 from FFr5.5250.

On Bank of England figures, the dollar's exchange rate index fell from 93.5 to 93.3.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December average 1.8269. Exchange rate index was 75.4, unchanged from the opening but down from 75.5 on Monday. The six months ago figure was 72.9.

The pound was little changed against the dollar but lost ground against the D-Mark. It was also sold against the yen in reaction to a further decline in oil prices. Brent crude was quoted at $15.70, almost $1 down from Monday.

Sterling finished at $1.8210 from $1.8215 and DM2.9775 from DM2.9825. Against the yen it slipped to Y232.0 from Y233.5. Elsewhere it finished at SFr2.4300 from SFr2.4375 and FFr10.0525 compared with FFr10.0650.

D-MARK-Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. December average 1.6354. Exchange rate index 151.1 against 148.8 six months ago.

There was no intervention by the Bundesbank when the dollar was fixed at DM1.6369 compared with DM1.6360 on Monday. Trading remained extremely lifeless and the US unit finished at DM1.6365, unchanged from the previous close.

The release of US trade figures on Friday effectively deterred all but the most essential transactions. Elsewhere the D-Mark showed a small improvement against its EMS partners but eased against the Japanese yen to Y78.00 from Y78.22 in Tokyo.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.85. December average 128.45. Exchange rate index 239.1 against 213.0 six months ago.

Trading was subdued in Tokyo. Uncertainty ahead of Friday's release of November US trade figures and the threat of central bank intervention, kept the dollar confined to a narrow range.

It closed at Y128.0 from Y128.45 in New York and Y128.50 in Tokyo on Monday. Limited support was given by the Bank of Japan during the afternoon. Elsewhere the D-Mark finished at Y78.22 compared with Y78.21 on Monday.

£ IN NEW YORK

Jan.12	Latest	Previous Close
£ Spot	1.8220-1.8230	1.8220-1.8230
1 month	0.26-0.24pm	0.26-0.24pm
3 months	0.77-0.73pm	0.76-0.72pm
12 months	3.05-2.95pm	2.82-2.72pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.12	Previous
8.30 am	75.4	75.5
9.00 am	75.4	75.5
10.00 am	75.4	75.5
11.00 am	75.4	75.6
Noon	75.4	75.5
1.00 pm	75.4	75.5
2.00 pm	75.4	75.5
3.00 pm	75.4	75.5
4.00 pm	75.4	75.5

CURRENCY RATES

Jan.12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.758272	0.692348
U.S Dollar	6	1.38233	1.26259
Canadian $	8.75	1.78251	1.62306
Austrian Sch.	3	15.9134	14.5273
Belgian Franc	7	47.3724	43.2153
Danish Krone	7½	8.67066	7.93157
Deutsche Mark	2½	2.26149	2.06496
Neth.Guilder	3½	2.54280	2.32101
French Franc	9½	7.63945	6.97990
Italian Lira	12½	1663.43	1519.21
Japanese Yen	2½	177.629	161.169
Norway Krone	8	N/A	8.00417
Spanish Peseta	-	154.144	140.690
Swedish Krona	7½	8.102445	7.49289
Swiss Franc	2½	1.84610	1.68082
Greek Drach.	20½	179.993	164.742
Irish Punt	---	N/A	0.777455

All SDR rates for January 11

CURRENCY MOVEMENTS

Jan.12	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.4	-18.5
U.S Dollar	93.3	-13.1
Canadian Dollar	77.9	-9.0
Austrian Schilling	142.4	+10.8
Belgian Franc	101.4	-4.4
Danish Krone	94.6	+3.3
Deutsche Mark	151.1	+23.7
Swiss Franc	181.6	+26.5
Guilder	139.4	+16.0
French Franc	72.8	-12.6
Lira	47.6	-18.6
Yen	239.1	+80.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

OTHER CURRENCIES

Jan.12	£	$
Argentina	9.4935-9.5908	5.2250-5.2750
Australia	2.5655-2.5685	1.4110-1.4120
Brazil	135.595-136.350	74.6280-75.0010
Finland	7.2645-7.2780	3.995-3.9970
Greece	235.20-239.40	129.40-131.60
Hong Kong	14.1425-14.1575	7.7760-7.7810
Iran	121.50*	66.45*
Korea(Sth)	1430.70-1443.65	787.10-793.50
Kuwait	0.49790-0.49840	0.27375-0.27385
Luxembourg	62.30-62.40	34.20-34.30
Malaysia	4.5915-4.6035	2.5255-2.5285
Mexico	4053.75-4090.50	2220.00-2250.00
N. Zealand	2.7720-2.7770	1.5245-1.5265
Saudi Ar.	6.8220-6.8280	3.7505-3.7515
Singapore	3.6790-3.6865	2.0235-2.0250
S. Af (Cm)	3.5545-3.5705	1.9635-1.9675
S. Af (Fn)	5.5110-5.6825	3.0305-3.1250
Taiwan	51.80-52.05	28.50-28.60
U.A.E.	6.6800-6.6860	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4580	43.2153	+1.78	n/a	±1.5344
Danish Krone	7.85212	7.93157	+1.01	n/a	±1.5404
German D-Mark	2.05853	2.06496	+0.31	n/a	±1.0981
French Franc	6.90403	6.97390	+1.01	n/a	±1.3674
Dutch Guilder	2.31943	2.32101	+0.07	n/a	±1.5012
Irish Punt	0.768411	0.777455	+1.18	n/a	±1.6684
Italian Lira	1483.58	1519.21	+2.40	n/a	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

January 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8165-1.8220	1.8205-1.8215	0.27-0.24cpm	1.68	0.77-0.73pm	1.65
Canada	2.3355-2.3475	2.3400-2.3410	0.02dis-0.08pm	0.26	0.20-0.08pm	0.85
Netherlands	3.34-3.35	3.34-3.35	1⅛-1cpm	4.48	4⅛-3⅝pm	4.56
Belgium	62.21-62.46	62.30-62.40	18-6cpm	2.31	45-30pm	2.41
Denmark	11.42-11.48	11.42¾-11.43¾	⅞pm-⅛oredis	0.92	⅜dis-1pm	0.33
Ireland	1.1120-1.1250	1.1215-1.1225	0.11-0.05cpm	0.86	0.50-0.15pm	0.80
W. Germany	2.97¼-2.98¼	2.97¼-2.98¼	1⅜-1¼pfpm	5.04	4⅛-3⅞pm	5.54
Portugal	243.68-245.97	244.01-245.97	77-196cdis	-6.69	204-587dis	-7.11
Spain	202.43-203.50	202.59-203.24	57-106cdis	-4.82	150-205dis	-3.50
Italy	2186¾-2194¾	2188½-2189½	par-6lire dis	-1.64	7-13dis	-1.83
Norway	11.51½-11.59¼	11.55¼-11.56¼	5¼-6¼oredis	-5.97	15¼-16¼dis	-5.56
France	10.03½-10.07	10.04½-10.05½	⅝pm-¼cdis	0.67	1¼-½pm	0.35
Sweden	10.79¼-10.82¼	10.79¼-10.80¼	⅜pm-⅞oredis	-0.62	par-1¼dis	-0.23
Japan	230¾-233¼	230¾-232½	1⅛-1ypm	5.17	3-2⅞pm	4.63
Austria	20.93-20.99	20.96-20.99	5½-4¼gropm	2.79	15¼-13½pm	2.79
Switzerland	2.42½-2.43¼	2.42½-2.43½	1¾-1½cpm	7.41	4½-3¼pm	6.17

Belgian rate is convertible francs. Financial franc 62.50-62.60. Six-month forward dollar 1.60-1.55cpm 12 month 3.05-2.95pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

January 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8165-1.8220	1.8205-1.8215	0.27-0.24cpm	1.68	0.77-0.73pm	1.65
Ireland†	1.6210-1.6245	1.6240-1.6250	0.17-0.12cpm	1.07	0.47-0.37pm	1.04
Canada	1.2830-1.2870	1.2850-1.2860	0.18-0.21cdis	-1.82	0.44-0.47dis	-1.42
Netherlands	1.8360-1.8415	1.8365-1.8375	0.47-0.44cpm	2.97	1.35-1.30pm	2.88
Belgium	34.20-34.28	34.20-34.30	3dis-par	-0.53	9.00-4.00pm	0.76
Denmark	6.27¾-6.29½	6.27¾-6.28	0.60-1.20oredis	-1.72	2.30-2.90dis	-1.65
W. Germany	1.6325-1.6390	1.6345-1.6355	0.57-0.54pfpm	4.07	1.62-1.57pm	3.90
Portugal	134-134¾	134¼-134¾	70-95cdis	-7.14	220-270dis	-7.29
Spain	111.25-111.65	111.20-111.30	45-60cdis	-5.65	130-160dis	-5.21
Italy	1201-1205	1201½-1202½	2.90-2.60lire dis	-2.74	10.20-11.10dis	-3.54
Norway	6.33¼-6.36	6.34¾-6.35¼	3.90-4.25oredis	-7.71	11.30-11.70dis	-7.26
France	5.51¼-5.53¼	5.51½-5.52½	0.55-0.75cdis	-1.41	1.80-2.10dis	-1.41
Sweden	5.93-5.94	5.93-5.93½	0.75-0.95oredis	-1.03	2.65-2.95dis	-3.38
Japan	127.20-128.10	127.35-127.45	0.38-0.35ypm	3.32	1.01-0.96pm	3.08
Austria	11.48½-11.52½	11.49½-11.49¾	2.90-2.50gropm	2.81	8.50-7.50pm	2.78
Switzerland	1.3325-1.3385	1.3340-1.3350	0.65-0.60cpm	5.61	1.58-1.53pm	4.65

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.30-34.40.

EURO-CURRENCY INTEREST RATES

Jan.12	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8-7¾	8¼-8⅛	8⅝-8½	9⅛-8⅞	9⅜-9¼	9¾-9⅝
US Dollar	6⅞-6¾	6⅞-6¾	7⅛-6⅞	7¼-7⅛	7½-7⅜	7⅞-7¾
Can. Dollar	8½-8¼	8½-8¼	8⅝-8⅜	8¾-8½	8⅞-8⅝	9⅛-8⅞
D. Guilder	4⅛-4	4⅛-4	4¼-4⅛	4⅜-4¼	4½-4⅜	4⅝-4½
Sw. Franc	¾-½	1-¾	1⅜-1⅛	2⅛-2	2⅜-2⅛	3¼-3⅛
Deutschmark	3⅜-3¼	3⅜-3¼	3⅜-3¼	3½-3⅜	3⅝-3½	3⅞-3¾
Fr. Franc	8-7¾	8⅛-8	8⅞-8⅝	8⅞-8⅝	9⅛-8⅞	9⅛-9
Italian Lire	11⅛-9¾	10-9	10-9½	10¾-10¼	11⅛-10⅝	11¾-11¼
B. Fr. (Fin)	6⅞-6⅝	6⅞-6⅝	6⅞-6⅝	6⅞-6⅝	6⅞-6⅝	6⅞-6⅝
B. Fr. (Con)	6⅝-6⅜	6⅝-6⅜	6⅝-6⅜	6⅝-6⅜	7-6⅝	7⅛-6⅝
Yen	3⅝-3½	3⅝-3½	3⅝-3½	4⅛-3⅞	4⅛-4	4⅜-4¼
D. Krone	9⅛-9	9⅛-9	9⅛-9	9⅛-8⅞	9⅝-9⅜	10-9⅝
Asian $Sing	6⅞-6⅝	7-6⅞	7⅛-6⅞	7⅛-7	7⅛-7⅛	7⅞-7⅝

Long term Eurodollars: two years 8⅛-8⅛ per cent; three years 9⅛-8⅞ per cent; four years 9⅛-9⅛ per cent; five years 9⅝-9⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two-days' notice.

EXCHANGE CROSS RATES

Jan.12	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.821	2.978	232.0	10.05	2.430	3.345	2189.	2.341	62.35
$	0.549	1	1.635	127.4	5.519	1.334	1.837	1202	1.286	34.24
DM	0.336	0.611	1	77.90	3.375	0.816	1.123	735.1	0.786	20.94
YEN	4.310	7.849	12.84	1000.	43.32	10.47	14.42	9435	10.09	268.8
F Fr.	0.995	1.812	2.963	230.8	10.	2.418	3.328	2178	2.329	62.04
S Fr.	0.412	0.749	1.226	95.47	4.136	1	1.377	900.8	0.963	25.66
H Fl.	0.299	0.544	0.890	69.36	3.004	0.726	1	654.4	0.700	18.64
Lira	0.457	0.832	1.360	106.0	4.591	1.110	1.528	1000.	1.069	28.48
C $	0.427	0.778	1.272	99.10	4.293	1.038	1.429	935.1	1	26.63
B Fr.	1.604	2.921	4.776	372.1	16.12	3.897	5.365	3511	3.755	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Trade figure and auction fears

FINANCIAL FUTURES traded very quietly on Liffe yesterday, as traders awaited any reaction to the US trade figures, to be published Friday, and today's auction of a medium gilt stock.

The November US trade figures have become a matter of complete guess work for the market, and it is difficult to tell how dealers will react, after the wide range of forecasts between $12bn and $20bn.

A further difficulty was added yesterday, when Japan decided to postpone until next week publication of its December trade figures. These are not comparable with the US figures, because of different months, but the delay caused speculation that the Japanese trade surplus would cause embarrassment to Mr Noboru Takeshita, Japanese Prime Minister, during his official visit to Washington.

On the other hand sceptics in the markets may have been reading too much into the situation, as it could not be confirmed the delay was for other than technical reasons.

Trading in gilt futures was fairly quiet. The March long term contract was sold off towards the close. Medium gilt futures also weakened a little on the day, but dealers suggested there was some tendency to sell the long gilt and buy the medium ahead of the auction.

It was also remarked that the market was cheap at present, but traders did not wish to commit themselves ahead of today's auction of £1bn Treasury 1997 8¾ p.c. stock. This is the third in an experimental programme of auctions, and dealers suggested it may be the last, since the market generally appears to prefer the tap system.

The medium gilt was also regarded as a particularly difficult stock to auction, because building societies are restricted to shorter stock, while pension funds and other domestic institutions prefer longer maturities.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
116	2.00	3.15	1.22	2.41
118	1.09	2.25	2.31	3.512
120	0.38	1.38	3.60	5.00
122	0.18	1.05	5.40	6.31
124	0.08	0.45	7.30	8.07
126	0.04	0.30	9.26	9.56
128	0.01	0.20	11.23	11.46
130	0.00	0.12	13.22	13.38

Estimated volume total, Calls 1130 Puts 883
Previous day's open int: Calls 32359 Puts 17044

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	5.60	5.45	0.28	1.11
84	4.15	4.23	0.47	1.53
86	2.43	3.15	1.11	2.45
88	1.33	2.20	2.01	3.50
90	0.55	1.39	3.23	5.05
92	0.29	1.05	4.61	6.35
94	0.19	0.44	6.51	8.10
96	0.08	-	8.40	-

Estimated volume total, Calls 26 Puts 28
Previous day's open int: Calls 868 Puts 937

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Jan	Calls-settlements Feb	Puts-settlements Jan	Puts-settlements Feb
16000	15.16	17.41	0.36	2.61
16500	10.81	13.86	1.01	4.06
17000	7.10	10.77	2.30	5.97
17500	4.24	8.16	4.44	8.36
18000	2.28	6.04	7.48	11.24
18500	1.10	4.35	11.30	14.55
19000	0.47	3.06	15.67	18.26
19500	0.18	2.10	20.38	22.30

Estimated volume total, Calls 41 Puts 20
Previous day's open int: Calls 47 Puts 94

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
1.65	17.10	17.10	17.10	17.10	0.00	0.03	0.20	0.95
1.70	12.10	12.10	12.22	12.65	0.00	0.17	0.64	1.90
1.75	7.10	7.56	8.21	9.14	0.00	0.73	1.63	3.39
1.80	2.34	4.02	5.00	6.29	0.26	2.19	3.42	5.54
1.85	0.14	1.74	2.73	4.10	3.06	4.91	6.15	8.35
1.90	0.00	0.59	1.32	2.53	7.92	8.76	9.74	11.78
1.95	0.00	0.16	0.57	1.48	12.92	13.33	13.99	15.73

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 380 Puts 574

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
1.60	23.90	-	23.90	23.80	0.30	-	0.30	0.50
1.65	18.90	-	18.50	18.65	0.30	-	0.25	1.30
1.70	12.80	12.80	12.90	13.20	0.30	0.35	0.70	2.05
1.75	7.80	7.55	8.05	9.35	0.30	1.05	1.85	3.40
1.80	2.70	4.05	4.85	6.40	0.70	2.60	3.65	5.35
1.85	0.65	1.90	2.70	4.35	3.05	5.30	6.30	8.35
1.90	0.30	0.90	1.65	2.95	7.65	8.60	9.40	11.20

Estimated volume total, Calls n/a Puts n/a
Previous day's open int: Calls 871 Puts 224

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
1.750	6.75	7.25	7.75	8.80	—	0.75	1.40	3.05
1.750	4.30	5.30	6.00	7.25	0.10	1.25	2.05	4.00
1.800	2.15	3.65	4.45	5.90	0.45	2.05	3.00	5.05
1.825	0.90	2.35	3.20	4.70	1.50	3.15	4.25	6.40
1.850	0.10	1.50	2.30	3.80	3.20	4.75	5.80	7.90
1.875	—	0.90	1.65	2.95	5.50	6.60	7.50	9.90
1.900	0.05	0.55	1.30	2.25	7.95	8.70	9.45	11.25

Previous day's open int: Calls 386,610 Puts 349,967
Previous day's volume: Calls 26,561 Puts 31,495

LIFFE- EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Calls Dec	Puts Mar	Puts Jun	Puts Sep	Puts Dec
90.25	2.15	1.96	1.87	1.77	0.00	0.07	0.24	0.42
90.50	1.91	1.74	1.67	1.59	0.01	0.10	0.29	0.49
90.75	1.67	1.52	1.47	1.41	0.02	0.13	0.34	0.56
91.00	1.43	1.31	1.29	1.24	0.03	0.17	0.41	0.64
91.25	1.20	1.11	1.12	1.09	0.05	0.22	0.49	0.74
91.50	0.98	0.93	0.95	0.94	0.08	0.29	0.57	0.84
91.75	0.76	0.76	0.80	0.80	0.11	0.37	0.67	0.95

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 180 Puts 665

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	116-21	117-07	116-15	116-26
Jun	116-19	116-21	116-14	116-24

Estimated Volume 21792 (19985)
Previous day's open int. 21987 (22479)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	93-22	93-119 3 - 1 6	93-26	
Jun	-	-	--	

Estimated Volume 2007 (1846)
Previous day's open int. 1257 (1425)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	1.0686	1.0690	1.0680	106.34
Jun	1.0632	-	-	105.60

Estimated Volume 317 (130)
Previous day's open int. 573 (589)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	90.66	90.67	90.59	90.65
Jun	90.46	90.48	90.42	90.46
Sep	90.23	90.26	90.23	90.26
Dec	90.03	90.10	90.02	90.05

Est. Vol. 4017 (6382)
Previous day's open int. 27607 (27196)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Mar	174.80	177.15	174.30	176.30
Jun	178.30	-	-	179.80

Estimated Volume 1399 (2384)
Previous day's open int. 6740 (6552)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Mar	92.40	92.41	92.33	92.31
Jun	92.14	92.15	92.09	92.07
Sep	91.88	91.89	91.84	91.80
Dec	91.60	91.62	91.59	91.51

Est. Vol. 4017 (6382)
Previous day's open int. 27607 (26631)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	87-16	87-25	87-04	87-03
Jun	86-17	-	-	86-04

Estimated Volume 4755 (6159)
Previous day's open int. 7599 (7453)

CURRENCY FUTURES

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8210	1.8185	1.8135	1.8055	[illegible]

IMM-STERLING $ per £

	Close	High	Low	Prev.
Mar	1.8145	1.8165	1.8125	1.8165
Jun	1.8055	1.8060	1.8040	-
Sep	-	1.7980	1.7980	-

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev.
Mar	1.8150	-	-	1.8166
Jun	1.8075	-	-	1.8092
Sep	1.7997	-	-	1.8025

Estimated volume 0 (15)
Previous day's open int: 174 (177)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	87-18	87-24	86-30	87-07
Jun	86-18	86-24	84-31	86-07
Sep	85-23	85-24	85-20	85-12
Dec	84-30	85-01	84-28	84-19
Mar	-	-	-	83-28
Jun	-	-	-	83-07
Sep	-	-	-	82-19
Dec	-	-	-	82-00
Mar	-	-	-	81-14
Jun	-	-	-	80-29
Sep	-	-	-	80-13

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	93.95	93.97	93.88	93.92
Jun	93.61	93.62	93.58	93.60
Sep	-	-	93.31	93.32
Dec	-	-	-	93.02
Mar	-	-	-	92.77
Jun	-	-	-	92.55

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7540	0.7548	0.7535	0.7522
Jun	0.7622	0.7626	0.7619	0.7602
Sep	0.7704	0.7710	0.7704	0.7689
Dec	-	0.7785	-	0.7779

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.7877	0.7833	0.7862	0.7833
Jun	0.7941	0.7944	0.7929	0.7896
Sep	-	0.8005	-	0.7970
Dec	-	0.8060	-	0.8044
Mar	-	0.8130	-	0.8118

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6151	0.6157	0.6147	0.6141
Jun	0.6210	0.6213	0.6205	0.6201
Sep	-	-	-	0.6266
Dec	-	-	-	0.6331

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	92.40	92.41	92.36	92.37
Jun	92.13	92.16	92.12	92.12
Sep	91.86	91.89	91.84	91.85
Dec	91.57	91.60	91.55	91.56
Mar	91.32	91.34	91.30	91.30
Jun	91.10	91.11	91.08	90.08
Sep	90.91	90.92	90.90	90.89
Dec	90.74	90.74	90.72	90.72

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	245.10	247.49	245.01	247.70
Jun	245.90	247.55	245.50	249.20
Sep	247.40	249.10	247.10	250.70

MONEY MARKETS

Little change

INTEREST RATES were little changed in quiet trading on the London money market yesterday. The US trade figures, to be announced Friday, overhung the market, as dealers feared another large deficit will hit the dollar, leading to a sharp world wide fall in equity prices.

Domestic considerations, and expectations of a worsening UK current account deficit, point towards higher UK bank base rates, but lack of confidence in the equity market may be the overriding factor, preventing any upward move.

In these uncertain conditions three-month interbank was unchanged at 9⅛-8⅞ p.c.

UK clearing bank base lending rate 8½ per cent from December 4

The Bank of England initially forecast a money market shortage of £200m, but revised this to £250m in the afternoon, and provided total help of £245m.

Before lunch the authorities bought £245m bills outright, by way of £10m bank bills in band 3 at 8⅜ p.c.; £75m Treasury bills in band 4 at 8⅜ p.c.; and £160m bank bills in band 4 at 8⅜ p.c. The Bank of England did not operate in the market during the afternoon.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £163m, with Exchequer transactions absorbing £170m. These outweighed a fall in the note circulation adding £85m to liquidity and bank balances below target of £60m.

In Brussels the Belgian National Bank cut the interest rate on one-month; two-month; and three-month Treasury certificates by 0.10 p.c. to 6.55 p.c. The central bank gave no reason for the move, but it was generally seen as reflecting market conditions, including high liquidity in the domestic money market. The Belgian franc has recently been the second weakest member of the European Monetary System, slightly above the Italian lira, but the better tone to the dollar in the New Year has tended to take pressure off the EMS.

In Frankfurt call money rose to 3.10 p.c. from 3.075 p.c. in expectation the Bundesbank will drain liquidity at today's securities repurchase agreement tender. The central bank has offered a 28-day pact at a fixed rate of 3.25 p.c., but is not expected to fully replace the DM11.4bn draining from the market, as an earlier agreement expires.

Monday's support for the dollar by the Bundesbank injected additional liquidity into the money market, as the central bank took in dollars and released D-Marks. The central bank is now expected to drain any excess funds, and this could lead to an allocation of only DM5bn to DM7bn at today's tender.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.12) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 7⅞	bid 7⅜	offer 7½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8.75
Broker loan rate	8.00
Fed.funds	6.75
Fed.funds at intervention	6⅞

Treasury Bills and Bonds

One month	4.89	Three year	7.99
Two month	5.20	Four year	8.25
Three month	5.95	Five year	8.39
Six month	6.60	Seven year	8.71
One year	7.06	10-year	8.91
Two year	7.80	30-year	9.07

January 12	Overnight	One Month	Two Months	Three Months	Six Months	Lombard intervention
Frankfurt	3.05-3.15	3.30-3.45	3.30-3.45	3.35-3.50	3.40-3.55	4.50
Paris	7.875	7.9375	8.25	8.3125	8.6875	7.50
Zurich	0.25	1.75	—	2.50	—	—
Amsterdam	4.4375	4.3125	—	4.4375	—	—
Tokyo	3.53125	n/a	—	3.90625	—	—
Milan	8.3125	10.375	—	10.625	—	—
Brussels	4.75	6.625	—	6.625	—	—
Dublin	8.375	8.50	8.50	8.625	9.125	—

LONDON MONEY RATES

Jan.12	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8.125	8.00	11.6875	9.0625	9.375	9.75
Interbank Bid	3.00	7.75	11.5625	8.9375	9.25	9.625
Sterling CDs	-	-	8.5625	9.00	9.375	9.5625
Local Authority Deps.	8.00	8.125	8.5625	9.00	9.25	9.625
Local Authority Bonds	-	-	8.6875	8.9375	9.125	9.50
Discount Mkt Deps.	8.00-3.00	8.00	-	-	-	-
Company Deposits	8.00	8.50	8.625	9.125	9.375	9.6875
Finance House Deposits	-	-	8.6875	9.125	9.50	9.75
Treasury Bills (Buy)	-	-	8.46875	8.4375	-	-
Bank Bills (Buy)	-	-	8.50	8.50	9.00	-
Fine Trade Bills (Buy)	-	-	9.125	9.125	9.625	9.625
Dollar CDs	-	-	7.10-7.05	7.20-7.15	7.40-7.35	7.75-7.70
SDR Linked Dep Offer	-	-	6.00	6.1875	6.375	6.6875
SDR Linked Dep Bid	-	-	5.75	5.9375	6.125	6.4375
ECU Linked Dep Offer	-	-	6.4375	6.75	6.875	7.0625
ECU Linked Dep Bid	-	-	6.3125	6.625	6.75	6.9375

Treasury Bills (sell); one-month 8⅛ per cent; three months 8⅛ per cent; Bank Bills (sell); one-month 8⅜ per cent; three months 8⅛ per cent; Treasury Bills; Average tender rate of discount 8.3577 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1987. Agreed rates for period January 26 1988 to February 23, 1988, Scheme I: 10.05 p.c., Schemes II & III: 10.09 p.c. Reference rate for period December 1 1987 to December 31, 1987, Scheme IV: 8.830 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.00 from January 1, 1988: Bank Deposit Rates for sums at seven days notice 3.00-3.50 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7.50 per cent; one-three months 8.50 per cent; three-six months 8.50 per cent; six-nine months 8.50 per cent; nine-twelve months 8.50 per cent; Under £100,000 per cent from November 24 Deposits withdrawn for cash 5.00 per cent.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 500	148	6.90	-	-	-	-	$ 481.30
GOLD C	$ 520	45	3.20 B	60	13	-	-	$ 481.30
GOLD P	$ 460	-	-	17	9	-	-	$ 481.30
GOLD P	$ 500	-	-	-	-	35	29	$ 481.30
		Jan. 88		Feb. 88		Mch. 88		
EOE Index C	Fl. 170	47	4.50	26	10.80 A	-	-	Fl. 171.88
EOE Index C	Fl. 175	91	1.50	92	8	4	12	Fl. 171.88
EOE Index C	Fl. 180	169	0.60	53	6.10	13	9 A	Fl. 171.88
EOE Index C	Fl. 185	5	0.20	78	4	20	7.30	Fl. 171.88
EOE Index C	Fl. 190	55	0.20	-	-	-	-	Fl. 171.88
EOE Index P	Fl. 155	94	0.30	34	2.70	-	-	Fl. 171.88
EOE Index P	Fl. 160	10	0.30	25	4.20	-	-	Fl. 171.88
EOE Index P	Fl. 165	119	1	81	6	18	7.50	Fl. 171.88
EOE Index P	Fl. 170	124	2.50	51	8.50	13	9.50 B	Fl. 171.88
EOE Index P	Fl. 175	70	5.20	30	11	2	11.70 B	Fl. 171.88
EOE Index P	Fl. 180	53	9	1	12.50	-	-	Fl. 171.88
S/Fl C	Fl. 180	30	4.50	-	-	30	6	Fl. 184
S/Fl C	Fl. 185	105	0.70	-	-	70	3.80	Fl. 184
S/Fl C	Fl. 190	-	-	5	1	140	1.90	Fl. 184
S/Fl C	Fl. 195	-	-	-	-	60	1	Fl. 184
S/Fl P	Fl. 170	-	-	-	-	20	1.10	Fl. 184
S/Fl P	Fl. 175	-	-	-	-	13	1.80	Fl. 184
S/Fl P	Fl. 180	493	0.30	51	2.40	40	3.50	Fl. 184
S/Fl P	Fl. 185	29	1.90	10	4.10	63	5.40	Fl. 184
S/Fl P	Fl. 195	32	11.50	-	-	-	-	Fl. 184
S/Fl P	Fl. 200	30	16.50	-	-	-	-	Fl. 184
S/Fl P	Fl. 205	-	-	-	-	10	21.70	Fl. 184
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl. 43	-	-	514	0.40	-	-	Fl. 37.50
ABN P	Fl. 46	1039	8.80	14	6.90	-	-	Fl. 37.50
AEGON C	Fl. 65	50	0.10	30	2.80	-	-	Fl. 59
AHOLD C	Fl. 70	15	0.90 A	178	4.70	-	-	Fl. 66.80
AHOLD P	Fl. 65	26	1	-	-	-	-	Fl. 66.80
AKZO C	Fl. 90	301	2.50	134	9	50	11	Fl. 90.50
AKZO P	Fl. 120	2	29	-	-	150	33.50	Fl. 90.50
AMEV C	Fl. 40	10	0.50	26	2	-	-	Fl. 38
AMEV P	Fl. 40	25	2	-	-	-	-	Fl. 38
AMRO C	Fl. 60	10	0.30	85	2.70	-	-	Fl. 57.60
AMRO P	Fl. 50	-	-	66	0.80	-	-	Fl. 57.60
ELSEVIER C	Fl. 50	51	0.10	278	1.50	-	-	Fl. 39.70
ELSEVIER P	Fl. 40	24	1	64	4.50	136	7	Fl. 39.70
GIST-BROC. C	Fl. 25	13	0.10	71	1.90	-	-	Fl. 22.80
GIST-BROC. P	Fl. 27.50	3	4.20 B	205	5.50	40	6.20	Fl. 22.80
HEINEKEN C	Fl. 120	-	-	46	14	-	-	Fl. 125
HEINEKEN P	Fl. 120	56	0.70	11	6.50 B	-	-	Fl. 125
HOOGOVENS C	Fl. 27.50	-	-	111	3	-	-	Fl. 26.80
HOOGOVENS P	Fl. 25	-	-	60	2.40	-	-	Fl. 26.80
KLM C	Fl. 30	326	1	143	3.70 B	11	4.50	Fl. 30.30
KLM P	Fl. 30	16	0.80	70	3.30	3	4	Fl. 30.30
NEDLLOYD C	Fl. 150	241	3.10	85	16.50 A	12	21	Fl. 147.50
NEDLLOYD P	Fl. 140	87	2	67	12	-	-	Fl. 147.50
NAT.NED. C	Fl. 50	17	0.70 A	598	3.10	-	-	Fl. 48.60
NAT.NED. P	Fl. 50	-	-	503	4 B	12	5.20 B	Fl. 48.60
PHILIPS C	Fl. 30	56	0.10	275	0.90	4	1.70	Fl. 26.60
PHILIPS P	Fl. 30	261	3.40	146	5	36	5.60 B	Fl. 26.60
ROYAL DUTCH C	Fl. 220	178	0.30	943	5	11	7.50	Fl. 203
ROYAL DUTCH P	Fl. 200	234	2	333	8.50	6	11.20	Fl. 203
ROBECO P	Fl. 90	110	7.50	-	-	-	-	Fl. 82.10
UNILEVER C	Fl. 120	-	-	206	3.20	9	5.80	Fl. 101.70
UNILEVER P	Fl. 100	217	1.90	166	8	18	11.80	Fl. 101.70

TOTAL VOLUME IN CONTRACTS : 25,610

A=Ask B=Bid C=Call P=Put

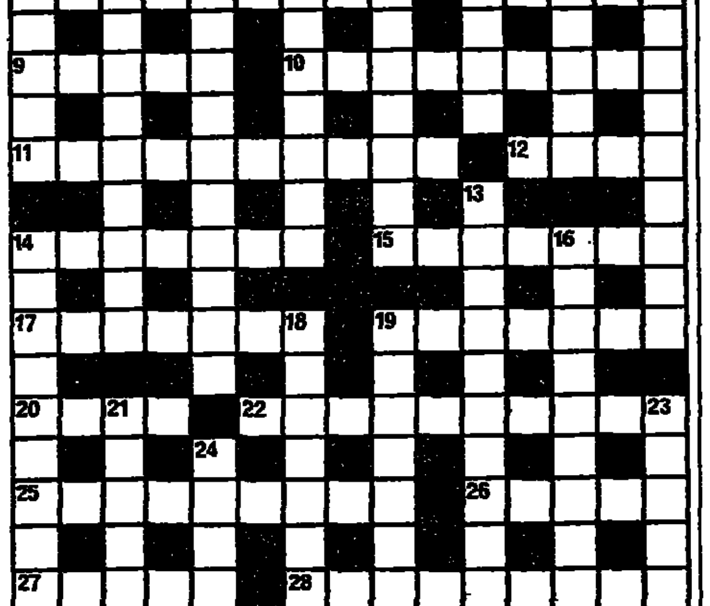
BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
AAB - Allied Arab Bk.	8½	City Merchants Bank	8½	Northern Bank Ltd	8½
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	PK Finans. Intl(UK)	9
American Exp.Bk	8½	Consolidated Cred	8½	Provincial Trust Ltd	9½
Amro Bank	8½	Co-operative Bank	*8½	R. Raphael & Sons	8½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	Roxburghe G'rantee	9½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Equat'l TstC'p plc	8½	Royal Trust Bank	8½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williman Secs.	8½
B & C Merchant Bank	8½	Financial & Gen. Sec	9	Standard Chartered	8½
Banco de Bilbao	8½	First Nat. Sec. Ltd.	9½	TSB	8½
Bank Hapoalim	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	◊10.2
Bank Leumi (UK)	8½	Robert Fraser & Ptrs.	9½	United Bk of Kuwait	8½
Bank Credit & Comm	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Cyprus	8½	Grindlays Bank	8½	Unity Trust Bank Plc	8½
Bank of Ireland	8½	● Guinness Mahon	8½	Western Trust	8½
Bank of India	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Bank of Scotland	8½	● Hambros Bank	8½	Whiteaway Laidlaw	9
Banque Belge Ltd	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Barclays Bank	8½	● Hill Samuel	§8½		
Benchmark Tst Ltd	8½	C. Hoare & Co.	8½		
Berliner Bank AG	8½	Hongkong & Shangh	8½		
Brit Bk of Mid East	8½	Lloyds Bank	8½		
Brown Shipley	8½	Meghraj Bank Ltd	8½		
Business Mtge Tst	8½	Midland Bank	8½		
CL Bank Nederland	8½	● Morgan Grenfell	8½		
Central Capital	8½	Mount Bnkg Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ◊ Mortgage base rate. § Demand deposit 3.49%. Mortgage 10% - 10.25%.

FT CROSSWORD No.6,528

SET BY HIGHLANDER



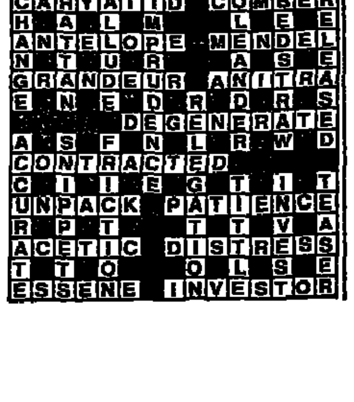
ACROSS

1 It precedes school drama class (4,5)
6 To bring in swimmer with end of line is a mistake (5)
9 Breeze working to turn waterwheel (5)
10 Where dressing for dinner has its place? (5-4)
11 In disagreement about base rates (2,3,5)
12 Common prison activity (4)
14 Term for permit (7)
15 End up in the gate (7)
17 Capital citizen but not forthcoming about dislocated neck (7)
19 King of Egypt, newly constituted, sees hammer used first (7)
20 Service department is not new (4)
22 A space article, like this flower (10)
25 Reverse round bend (5-4)
26 Entertain Thalia, for example (5)
27 Take as an instance unknown port in foreign country (5)
28 Will set about fitting American into temporary accommodation (9)

DOWN

1 Hold fast to the horse! (5)
2 Car and boat adapted internal combustion to be flexible (9)
3 August is followed by rise in spectators (10)
4 Old boy has place that is dirty (7)
5 Rallied after first-class dive (7)
6 A lot of laughter is heard by the Celt (4)
7 Cash is required to keep one's head above water (5)
8 Intestinal problem makes one sit up with start (9)
13 Vehicle on beat takes a blow (10)
14 Shut up about our help (9)
16 Round a street, home is drier (4,5)
18 No Jew gets upset and offended by a milk product (7)
19 Having shot up surrounding English, frets (7)
21 Black and thin with a point on top (5)
23 Used to make bed stretch (5)
24 Let it remain in Rome (4)

Solution to Puzzle No.6,527



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd

Trades Union Unit Trust Managers

Scottish Equitable Fund Mgrs. Ltd

Tyndall Unit Trust Management Limited

UK Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd

Scottish Life Investments

United Charities Unit Trusts

Vanguard Trust Managers Ltd

Scottish Mutual Investment Managers Ltd

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	364.4	383.6	—	—
Ec** Ph. Eq.	324.7	334.4	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	159.6	167.9	+1.7	—
International Acc.	[illegible]	126.3	+0.9	—
Property Acc.	121.9	128.3	—	—
Fixed Interest Acc.	146.3	153.9	-0.2	—
Money Acc.	134.9	142.0	—	—
Bldg. Soc. Link Acc.	132.1	139.0	+0.1	—
Special Mngd. Acc.C	142.4	147.7	+0.9	—
Phoenix Framlington				
Intnl. Growth Acc.	90.9	[illegible]	-0.8	—
Amer. & Gen. Acc.	73.3	[illegible]	-0.5	—
Capital Tst. Acc.	168.7	[illegible]	-1.6	—
Japan & Gen Acc.	161.7	[illegible]	-2.7	—
American Turn. Acc.	[illegible]	[illegible]	-0.2	—
Recovery Tst. Acc.	158.7	167.3	-1.9	—
Special Mngd Acc.	133.4	140.4	-1.6	—
Phoenix IST				
International Acc.	[illegible]	123.2	-4.9	—
US & General Acc.	86.0	90.5	-6.5	—
Amer Spec. Sits Acc.	59.7	62.8	-4.4	—
Japan & General Acc.	[illegible]	161.2	+2.4	—
Far East & Gen. Acc.	125.8	132.4	-2.9	—
UK Capital Acc.	[illegible]	[illegible]	-3.3	—
European Acc.	[illegible]	137.5	+0.2	—
Special Mngd. Acc.	[illegible]	126.4	-2.8	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	[illegible]	221.3	—	—
Mus Pec. Int & Cap Fd.	[illegible]	364.2	—	—
Money Fund	[illegible]	116.6	—	—
Pens. Mngd. Fd (Init)	84.2	88.7	—	—
Pens Mngd Fd (Acc)	93.6	98.8	—	—
Pens. FT-30 Fd (Init)	[illegible]	135.9	—	—
Pens FT-30 Fd (Acc)	143.8	151.4	—	—
Pens O'seas Mgd Fd (Init)	[illegible]	49.7	—	—
Pens O'seas Mgd Fd (Acc)	52.6	55.4	—	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅜	97⅞	Treas 7¾pc 1985–88‡‡	99⅜xd		7.76	9.55
102¼	99⅞	Exch 10½pc '88	100⅜	–1/16	10.45	8.99
101⅞	98⅞	Treas 9¾pc Cv '88	100⅜		9.73	9.03
98¼	93¼	Transport 3pc '78–88	98⅜		3.05	6.67
101⅜	98¼	Treas. 9½pc '88	100⅛		9.49	9.22
105⅞	101¼	Treas 11½pc 1989	102⅜		11.27	9.41
102⅞	97⅞	Treas 9½pc Cnv 1989	100⅛	–1/16	9.48	9.28
96⅛	89¼	Treas 3pc 1989	95⅜		3.14	6.62
104⅞	99⅞	Treas 10½pc 1989	101⅜		10.34	9.42
103¼	98⅜	Exch 10pc 1989	100⅞xd	–1/16	9.92	9.42
105¼	100¼	Exch 11pc 1989	102¼	+1/16	10.75	9.47
96⅛	89⅞	Treas. 5pc 1986–89	95⅜		5.25	7.92
108¼	99⅞	Exch 10¼pc Cv '89	102⅜	–¼	10.05	9.00
111¾	104⅞	Treas 13pc 1990‡‡	106⅜xd	–⅛	12.22	9.42
106½	100⅞	Exch 11pc 1990‡‡	102⅞xd	–⅛	10.69	9.43
110¾	103⅞	Exch. 12½pc 1990	105⅝	–⅛	11.81	9.47
92⅞	84½	Treas. 3pc 1990	91⅝	+⅛	3.28	7.04
100¾	93⅞	Treas 8¼pc 1987–90‡‡	98½	–⅛	8.39	8.88
52¼	50	Tr. 8pc Cv 1990 (£50pd)	50½	–⅛	8.16	8.90
105	97½	Treas. 10pcCv 1990	101¼	–⅛	9.87	9.43
91¾	81¾	Exch 2½pc 1990	88⅞	+⅛	2.82	6.87
110¼	102⅞	Treas 11¾pc 1991	105⅜		11.11	9.48
95¾	87¼	Funding 5¾pc '87–91‡‡	92⅞	+⅛	6.19	8.30
90¼	80¼	Treas. 3pc 1991	87⅝	+1/16	3.42	7.20
110⅝	98¼	Treas 10pc Cv '91 ‡‡	102⅜	–⅛	9.77	9.18
109⅝	101⅞	Exch. 11pc 1991	104⅝	–⅛	10.51	9.49
99	91⅞	Treas. 8pc 1991	95⅜	–⅛	8.37	9.38
116⅞	107¾	Treas 12¾pc 1992‡‡	110⅞xd	–⅛	11.53	9.52
106⅞	97⅞	Treas 10pc 1992	101⅜	–⅛	9.85	9.52
99⅛	90⅞	Treas. 8pc 1992 ‡‡	95⅜	–⅛	8.40	9.37
108⅞	99⅛	Treas 10½pc Cv 1992‡‡	103⅜	–⅛	10.16	9.52
86⅞	79⅞	Treas. 3pc 1992	83⅞	+⅛	3.57	7.30
115⅞	105⅞	Exch. 12¼pc '92	109⅜	–⅛	11.20	9.66
121⅜	110⅞	Exch 13½pc 1992	113⅞	–⅛	11.85	9.71
		Five to Fifteen Years				
107⅜	97¾	Treas 10pc 1993‡‡	102⅝	–⅛	9.86	9.63
118⅞	107½	Treas 12½pc 1993‡‡	111½xd	–⅛	11.21	9.74
95¾	82¼	Funding 6pc 1993‡‡	89⅞		6.69	8.30
125¾	113½	Treas 13¾pc 1993‡‡	117⅜	–⅛	11.72	9.79
129⅞	117½	Treas 14½pc 1994‡‡	121⅜	–⅛	11.95	9.77
124⅞	112⅞	Exch 13½pc 1994	116⅜	–⅛	11.60	9.93
107⅞	97¾	Treas. 10pc Ln. 1994‡‡	101⅝	–⅛	9.89	9.74
120¾	106⅞	Exch. 12½pc 1994	111⅞	–⅛	11.16	9.96
103⅞	92⅞	Treas 9pc 1994‡‡	96⅝	–⅛	9.31	9.62
118¼	105¼	Treas 12pc 1995	109⅞xd	–⅛	10.92	9.99
84¼	76	Exch 3pc Gas 90–95	80⅜	–⅛	3.74	6.44
109⅞	97¼	Exch. 10¼pc 1995	101⅞xd	–⅛	10.09	9.90
123⅞	110¼	Treas 12¾pc 1995‡‡	114⅝	–⅛	11.10	9.96
130⅞	116¼	Treas. 14pc '96	120⅞xd	–⅛	11.58	10.13

BRITISH FUNDS — Contd

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
134⅞	116½	Exch. 12pc '13–'17	122⅝	–⅛	9.67	6.06
		Undated				
45⅝	39⅞	Consols 4pc	42⅛xd	–⅛	9.50	–
41¼	34⅞	War Loan 3½pc‡‡	37⅜	–⅛	9.33	–
52¼	46½	Conv. 3½pc '61 Aft	49⅛	–⅛	7.13	–
34⅜	29⅞	Treas. 3pc '66 Aft	31⅜	–⅛	9.64	–
29⅜	24⅞	Consols 2½pc	26⅝	–⅛	9.60	–
29⅜	24⅞	Treas. 2½pc	26⅜	–⅛	9.54	–
		Index–Linked			(1)	(2)
133⅞	125½	Treas. 2pc '88(297.1)	130⅞		–	–
119¼	108⅞	Do. 2pc '90(333.9)	117⅜xd		1.28	2.54
101¼	93½	Do. 2pc '92‡‡ (385.8)	99⅜	+⅛	2.35	2.97
130⅝	119¼	Do. 2pc '96(267.9)	127⅞	–⅛	3.55	3.89
111½	96⅝	Do 2½pc '01 (308.8)	105⅜	–⅛	4.07	4.29
110	94¼	Do. 2½pc '03(310.7)	102⅞	–⅛	4.07	4.27
113¾	94⅞	Do. 2pc '06(274.1)	103⅜xd	–⅛	4.07	4.23
108	89¼	Do. 2½pc '09(310.7)	97⅜	–⅛	4.06	4.22
113⅞	93¼	Do. 2½pc '11(294.1)	101⅜	–⅛	4.09	4.18
95⅞	76⅞	Do. 2½pc '13(351.9)	83⅜xd	–⅛	4.09	4.17
103¼	83⅝	Do. 2½pc '16(322.0)	90⅜xd	–⅛	3.98	4.11
101⅜	81¼	Do. 2½pc '20 (327.3)	88⅜	–⅛	3.89	4.01
86⅜	68⅜	Do. 2½pc '24 ‡‡(385.3)	74⅝xd	–⅛	3.85	3.96

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April 1987:101.8 and for November1987: 103.4

(rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

1987/88 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
34⅜	14⅝	Bankers N.Y. $10	17⅝	–⅛	$1.66	–	5.2
652p	80p	BASIX Corp.	183p	+7	12c	–	6.4
49½	34⅛	Bell Atlantic $1	35½	+½	$3.84	–	5.9
27	18	BellSouth Corp.	20		$2.20	–	6.0
11⅞	4¼	♥Bethlehem Steel $8	8⅞	+⅛	–	–	–
20½	624p	Bio-Rad Labs. Inc. "A"	886p	–6	–	–	–
27¾	13⅜	Bowater Inc	16	–½	92c	–	3.1
21⅛	12¼	Browning-Ferris 16⅔c	13⅞xd	+½	48c	–	1.9
18⅝	6⅜	Brunswick $0.75	8½	+⅛	30c	–	1.9
36⅛	19⅜	CPC Intnl. 25c	22¼xd	–1⅛	b$1.34	–	3.1
25⅜	13⅜	CSX Corp U.S.$1.00	16¼	–⅛	$1.24	–	4.2
25⅜	10⅝	CalFed Inc $1.00	12½		$1.20	–	5.3
21⅞	13⅛	Campbell Soup 15c	14⅞xd		84c	–	3.2
45⅜	24⅞	Caterpillar Inc $1.00	33½xd	–⅛	75c	–	1.2
28⅜	10⅞	Chase Manhattan $12.5	12⅞xd		$2.16	–	9.8
32⅜	11⅛	Chemical New York	21⅞	+⅛	$2.72	–	12.5
29½	11	Chrysler $6¼	13⅝	+⅛	♦$1.00	–	4.0
21⅛	562p	Citicorp $1	10⅝	+⅛	$1.23	–	6.5
886p	167p	CityFed Fin. Corp.	222p	–1	4c	–	1.0
33	19⅛	Colgate-Palmolive $1	22½	+1¼	$1.12	–	2.7
25⅜	13⅜	Cons Freightwys $0.625	14⅜	–⅛	82c	–	3.0
398p	122p	Contl Illinois Corp $1	158p		8c	–	2.8
53½p	7p	Cont Illinois Hldgs $1	7p		–	–	–
266p	98p	♥Corporate Data Scnce.	122p		–	–	–
831p	242p	CoBinet Sitwr $0.1	371p	+14	–	–	–
45p	9p	Damson Oil 40c	9p		–	–	–
33⅞	15⅜	Dana Corp. $1	18⅝	+⅛	$1.44	–	4.2
25⅞	10⅛	Data General	13½	+½	–	–	–
140p	60p	♥Dense-Lock Medical	60p		–	–	–
44½	25	Dun & Bradstreet $1	28⅞	+1⅛	$1.50	–	2.8
66⅞	34⅞	Eaton Corpn. 50c	40⅝xd	+⅛	$2.00	–	2.7
22⅜	15⅛	FPL Group $0.01	16⅛	+⅛	$2.12	–	7.1
22½	9⅛	First Chicago $5	11⅜xd	+⅛	$1.50	–	7.2
69⅜	38⅞	Ford Motor $2	44	+1⅛	$3.00	–	3.7
31⅜	19⅜	GATX 62½c	21⅛	–⅛	$1.50	–	3.9
40⅞	22⅜	Gen. Elect. $0.63	24⅜xd	+⅛	$1.40	–	3.2
10⅝	376p	♥General Host Corp $1	550p	+22	28c	–	2.2
27⅛	14⅛	Gillette $1	18⅛	+1	86c	–	2.6
15⅝	580p	Gt Am First Sqs Bk $1	735pxd	+1	♦60c	–	4.5
1375	12¼	Greyhound $1.50	14½	–⅛	$1.28	–	4.8
16⅛	605p	Hasbro Inc $0.50	780p	+35	9c	–	0.7
15⅛	5⅜	Home Group $1	6⅞	+⅛	20c	–	1.6
56⅞	28⅞	Honeywell $1.50⊕	31⅞	+1⅛	$2.10	–	3.7
31⅜	15	Hospital Corp Am $1	15⅜xd	–⅛	72c	–	2.6
29⅛	15⅛	Houston Inds.‖	17		$2.88	–	9.3
110	59⅞	IBM Corpn $1.25	64⅞xd	+1⅛	$4.40	–	3.7
25⅛	15⅛	IC Industries	17⅜	+⅛	89c	–	2.8
41⅞	23⅛	ITT Corpn. $1	26⅜	–⅛	$1.00	–	2.2
253p	80p	♥Image Storage/R.Sys.1c	80p		–	–	–
28⅛	14⅛	Ingersoll-Rand $2	19⅞xd	+1⅛	$1.04	–	3.0
16½	788p	Insilco $1	886pxd	–6	$1.00	–	6.2
12⅜	5½	IU Intnl. $1.15	10		60c	–	3.3
36½	18	Lockheed Crpn. $1	20xd	+⅛	$1.40	–	3.8
25⅞	10⅜	Lone Star Inds $1	13½xd	+⅛	$1.90	–	7.7
27⅞	14⅛	Louisiana Land $0.15	17⅞xd	+⅛	$1.00	–	3.1
21	842p	Lowe's 50c	983pxd	+24	44c	–	2.5
32⅜	11⅞	Manuf. Hanover $7½	12⅛xd	+⅛	$3.28	–	14.8
30⅛	10⅞	Merrill Lynch $1	12⅞xd	+⅛	$1.00	–	4.3
35⅜	15⅛	Molex Inc	20	–⅛	2c	–	–
33⅛	16⅜	Morgan (JP) $2.5	18⅞xd	–⅛	$1.50	–	4.4
48	33⅜	NYNEX $1	34⅜	+⅛	$3.80	–	6.0
28	14⅜	PHH	15⅜xd	–⅛	$1.08	–	3.8
15⅝	859p	Pac Gas & Elect $5	895p	+9	$1.92	–	11.8
25½	16⅛	Pacificorp $3.25	18⅛		$2.52	–	7.6
20⅜	13⅛	Pacific Telesis $0.10	14⅛	+⅛	b$1.64	–	6.4
26⅞	11⅛	Pall Corp. 25c	14⅜xd	+⅛	34c	–	1.3
56⅛	26⅜	Pennzoil 83(1/3)c	39xd	–⅛	$2.20	–	3.1
30⅛	16⅛	Pillsbury‖	18⅜	–⅛	$1.12	–	3.3
13⅛	780p	Premark Intl	13	+⅛	032c	–	1.3
31	12	Primerica $1.00	13⅝xd	–⅛	$1.60	–	6.4
36⅜	21⅞	Quaker Oats $5	22⅞	–⅛	$1.00	–	2.4
43⅜	24	RJR Nabisco Inc.	25½	+½	$1.60	–	3.4

Continued on next page

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-601 6746
Money Mkt Cheque Acc. 7.65 5.75 8.10 Mth

Barclays Prime Account
PO Box 125, Northampton 0604 252891
High Int. Cheque 7.50 5.75 8.04 Qtr

Benchmark Trust Ltd Premier Account
9 Henrietta Place, W1M 9AG. 01-631 3313
£5,000–£10,000 8.00 6.02 8.37 6-mth
£10,001–£20,000 8.25 6.21 8.64 6-mth
£20,000+ 8.50 6.40 8.90 6-mth

Money Market Trust Funds

Money Market Bank Accounts

[illegible]

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	21	Rep NY Corpn $5	24½	–⅛	$1.16	–	2.4
13⅛	8⅛	Rockwell Intl. $1	9⅝	[illegible]	[illegible]	–	3.9
[illegible]	[illegible]	Sara Lee $1⅓	19⅞xd	–⅛	$1.00	–	2.9
[illegible]	[illegible]	[illegible]	8⅞xd	[illegible]	20c	–	1.2
[illegible]	[illegible]	Southwestern Bell $1	18½	+⅛	n$2.32	–	[illegible]
[illegible]	[illegible]	Sun Co. Inc. $1	28⅞	[illegible]	$3.00	–	5.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$3.00	–	7.9
[illegible]	[illegible]	Time Inc. $1	44½xd	[illegible]	$1.00	–	1.2
[illegible]	15	Transamerica $1	16⅛xd	[illegible]	$1.64	–	6.0
[illegible]	[illegible]	US West $	27½	[illegible]	$3.28	–	6.5
[illegible]	[illegible]	[illegible]	20	+⅛	–	–	–
[illegible]	[illegible]	[illegible]	13⅝	+⅛	–	–	–
[illegible]	[illegible]	[illegible]	20	+⅛	$1.32	–	3.6

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES — Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

Australians

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

Account Dealing Dates			
First Dealings	Option Declarations	Last Dealings	Account Day
Dec 21	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15

*New time dealings may take place from 9.00 am two business days earlier.

Wall Street worries undermine equity sectors at close of dull trading session

AN APPREHENSIVE but unexciting trading session in the UK equity market ended with share prices turning down smartly in late dealings when Wall Street came in with a substantial early fall.

The London market was subdued by a disappointing performance by Tokyo equities, as well as by its continued nervousness over the outlook for the US dollar. Although share prices firmed up at mid-session, the swift reaction to Wall Street's opening weakness betrayed a lack of underlying support.

Excitement was generated on the oil sector, however, when Atlantic Richfield bid aggressively for stock in **Britoil**, ahead of the formal bid document for Britoil expected this week from British Petroleum.

London's attention is now firmly focussed on the prospects for the US November trade figures, due on Friday. The past fortnight has show only too clearly how vulnerable London, and other world markets, are to any renewal of pressures from across the Atlantic.

The FT-SE 100 Index closed 21 points down at 1739.2, after showing a net gain of five points ahead of Wall Street's opening. The first half of the session was lacklustre, with *few features to break the generally* dull landscape.

The blue chip exporting stocks, lacking a decisive lead from the currency markets, traded quietly, and the fall in oil prices was largely overlooked in an oil share sector now pre-occuppied with bid fever. Among the consumer and retail issues, attention focussed on Burton Group.

Meanwhile, the City's muted confidence in the UK economy was again counterbalanced by redundency moves among securities traders. Citicorp and Chase Manhattan Securities disclosed *cutbacks in their London* staffs, and Merrill Lynch decided to cease marketmaking in sterling Floating Rate Notes. There were also rumours that a major British house plans to announce staff cutbacks this week.

The Government bond sector closed with losses of ¼ or so after a cautious session which faces today's auction of £1bn medium dated UK Treasury securities.

The success of the auction will depend heavily on the level of foreign demand, and the outcome of today's sale couldprovide an "acid test" of the new-style auction system in the Gilts market, according to Mr John Shepperd of Warburg Securities.

The auction stock, Treasury 8¾ per cent of 1997, with the maturity aimed specifically at foreign investors, closed yesterday in when-issued form at 43 18/32, partly-paid, offering a yield of 9.80 per cent. Analysts regard this as "reasonably placed in the market's yield curve", measured against 10 per cent yields on similar, but *fully-paid*, issues.

Traders believe that the full £1bn of the stock will be taken up by institutional investors, but warn that the market could face some indigestion if any is left with the marketmakers. The market is likely to hang fire early today as the *trading* houses submit their bids ahead of the 10.00 am deadline and then await the official result, due around noon.

Britoil moved back into the spotlight in a generally animated oil sector as Salomon Bros, acting on behalf of US group Atlantic Richfield (Arco), went round the market bidding 450p a share for up to 10m Britoil. They failed to pick up the full 10m but were thought to have acquired up to 4m Britoil to add to their stake which was announced yesterday as 23.04 per cent or 116.21m shares.

The buying move was seen as an attempt by Arco to increase its holding as near as possible to 29.9 per cent before the official BP offer document is published. Britoil shares settled a net 7 higher at 453p with 9.4m moving through the SEAQ system.

Stories circulating in the market suggested that **BP** will shortly publish a formal share exchange offer – two–for–one was a common guess –with a cash alternative. BP, along with other top oil shares, was hit by a sharp retreat in crude oil prices after newspaper reports that the Saudis have been offering discounts to iots four biggest customers – the Aramco partners. Brent for February delivery droppwed more than a *dollar a barrel to $15.70*. BP "old" fell 6 to 254p on a turnover of 8.8m shares while the "new" eased 2½ to 72p with turnover topping 11m.

British Gas, *where some 7m* shares were traded, dipped 4 to 135½p, **Enterprise** fell 6 to 263p and **Ultramar** 10 to 198p.

Burton Group shares fell sharply to 213p during very early exchanges before eventually closing a net 11 down at 224p with numerous rallies in between. This came after a newspaper report of a Department of Trade inquiry into the stores group, believed to relate *to Burton's takeover of the* Debenhams stores group in 1985. Turnover in Burton Group totalled 5.7m shares.

*The investigation was con*firmed by Mr. Ralph Halpern, Burton chairman, at the company's annual meeting held at the Grosvenor House Hotel in *London. At the meeting Mr Hal*pern pleased analysts with news that sales since the company's year end were some 19 per cent up. Dealers reported only modest selling of Burton shares " this story (the DTI inquiry) has been doing the rounds for ages" said one.

Maxwell Communication returned to centrestage as institutional and private investors took note of a recent extensive *study of the group by Warburg* Securities, a leading investment house. The demand soon uncovered stock shortages which caused the upward movement *in the shares to accelerate and* the price touched 248p before closing 7 higher on balance at 237p.

Angela Bawtree, Warburg *analyst*, concludes her report on the group with "significant underperformance in the market fall *has left the shares* standing on a heavily discounted rating to both the sector and the market. This reaction looks overdone, particularly given the group's exceptionally strong balance sheet, and we would recommend purchases of the stock at these levels".

Norway's **Norsk Data** slumped 272 to 487p after announcing that pre-tax profits for 1987 will be around half those of *1986because of weak* sales outside of Scandinavia. The news triggered a slide in shares of **STC**, parent of ICL, which was perceived by certain *analysts to be experiencing sim*ilar problems to those of Norsk Data. STC dipped 10 to 235p after a turnover of 7m shares but James Golob, sector analyst at Warburg Securities says the problems are specific to Norsk and not appropriate to ICL, and thus STC.

ICL's order position, Golob says, continues to be good largely due to its strength in the UK.It European operations *are performing reasonably*. Germany is back in profit and its presence in Scandinavia is much reduced and in profit.

The clearing banks were hit by news of Security Pacific's move to increase its provision against third world sovereign debts to 54 per cent.

Composites provided a weak spot in **Sun Alliance** which ran back 27 to 851p amid talk of a profits downgrading. Of the brokers **PWS** *fell 5 to 195p* in the wake of the 15 per cent profits shortfall but **Sturge** were one of the day's market features and raced up 60 to 425p *boosted by the strong rise* in preliminary profits from £9.51m to £12.6m and the proposed one–for–four scrip issue.

Allied-Lyons sagged late as stock went round the market accompanied by talk of a broking house downgrading its profits forecast. Citicorp Scrimgeour Vickers *has clipped £20m* from its original estimate following a slightly less favourable view of Christmas trade. The current forecast is now *£430m, which is at the lower* end of the market range. After holding steady for most of the session, Allied-Lyons shares closed 10 down at 327p.

Burtonwood, a regional brewer, emerged from prolonged inactivity when small *buying interest found little* stock available. The price spurted higher quickly to end 10 higher at 130p.

Building shares went lower late *with the general trend, but* trade earlier had been coloured by reports of a small sell programme of selected leading issues, apparently conducted by brokers James Capel. A line of 350,000 **Blue Circle** shares was placed some 5p below the prevailing market price and **BCI** settled 7 off at 416p. Other block of shares were traded later. **Tarmac** fell 10 to 230p as 500,000 shares went through the market as part of the same sell programme.

Second-line issues continued to attract selective buying while a couple of favourable *trading statements* were also wellreceived. **Countryside** revealed better-than-expected preliminary figures and the announcement, coupled with a ensuing bullish analysts' meeting, boosted the price 17 to 246p. **Trent Holdings** gained 13 to 108p in response to good half-year results. **Turriff** gained ground following a broker's *recommendation to close 7* higher at 259p.

ICI were unable to consolidate on an early gain and drifted back to close unchanged at £11⅞. Elsewhere in the Chemical sector, **Rentokil** moved up 12 to 200p in a *restricted market following* the appearance of a fairly sizeable buyer. **Coalite** gained 11 to 325p in similar circumstances.

Dixons were a vulnerable market in leading retailers with a large line of stock said to be on offer in front of today's *interim* results. The shares dipped 8 to 202p on a turnover of 2.6m; Wood Mackenzie are predicting interim profits of £52m and Morgan Grenfell £51m, while Citicorp Scrimgeour go for £50.5m.

Next held up well to close at *279p, after 283p, ahead of the* analysts' meeting last night regarding the launch of the Next Directory mail order catalogue.

Engineers were highlighted by a jump of 18 to 101p in **MS International** following the share exchange and part cash offer from **Dobson Park**; the latter closed 5 lower at 109p. **Rolls-Royce** were actively traded (4.6m shares changed *hands) as the deadline (Janu*ary 11) for the sale of excess foreign holdings passed, but the price after touching 138p reacted to close unaltered on the day at 134p.

International stocks ended the day irregularly. Among the current speculative favourites, bid talk continued to lift **Boots** which touched 266p before falling back quite sharply to close a few pence lower on the day at 251p. Some marketmakers began to take a sceptical view of the recent rumours of a bid from Beecham, and suggested that the share price strength *over the last couple of day's* mainly reflected a squeeze on bear positions. The absence of the rumoured market raid on **Pilkington** brought the shares back from 245p to close 5 lower on balance at 234p; Pilkington have been bought recently on hopes that BTR may return with a fresh offer. Elsewhere, **Beecham** drifted back 14 more to 450p while Glaxo closed well below the best with a rise of 7 to 980p.

Possible beneficiaries from the Government's ban on the use of standard and high resilience polyurethane foam in new household furniture from the end of February next year recorded some good gains. **Airsprung** rose 35 to 230p and **Beaverco** 15 to 200p. **British Airways**, up 2 at 152p, were actively traded (some 6.6m shares changed hands) in the wake of a Financial Times article on prospects following the British Caledonian takeover. **Nobo** jumped 15 to 220p in response to the interim figures while **Office and Electronic Machine** featured a rise of 38 to 143p following news of board changes. **Cannon Street Investments** advanced 10 to 269p on the acquisition of BHK (Circuits).

An excellent set of preliminary figures from **TV South** encouraged good support for most TV shares. TVS, having touched 355p on annual profits well in excess of market estimates, eased back late to close just 6 higher on balance at 346p. **Central TV** gained 14 to 477p, **Tyne Tees** 9 to 539p and HTV 10 to 279p.

Lex Service continued to flout the overall equity trend and moved higher for the third consecutive session. The shares settled at 308p for a gain of 7 on the day and one of 31 since last Friday. One or two Motor component issues also prospered, **Dowty** rising 4 to 178p and **Airflow Streamlines** *improving* 5 to 130p.

Newspaper issues were generally favoured and advanced with the movement in Maxwell Communication. **Associated**, still benefiting from "buy" recommendations, improved further to 479p and **United** rallied after the previous day's weakness to close 8 higher at 432p. Paper/Printings also brightened with **Bemrose** rising 9 to 198p. Revived small demand lifted **ATA Selection** 7 to 66p and **Addison Consultancy** 5 to 97p.

Early gains in the Property sector were trimmed by the dull Wall Street opening. Elsewhere, **London and Edinburgh Trust** firmed 4 to 118p in belated response to a broker's circular, while **Dares Estates** touched 33½p prior to closing a penny better on balance at 32p as vague bid rumours resurfaced.

A broker's cautious comment on the long term outlook for City of London property developers sparked off occasional selling of **Wates City of London Properties** which eased 6 to 173p. **Markheath Securities** added 4 to 75p on details of the return to profitability at the half-way stage and confident statement.

A sizeable trade developed in **BAT Industries**, one deal being of 2.6m shares, and the price rose to 432p before *turning* back with other exporting stocks to end a net 7 lower at 420p.

Fairly persistent buying of **Lonrho** was aroused by a combination of factors including favourable comment, revived bid speculation and hopes of a good preliminary profits statement; the group usually reports in late January. After an early surge to 256p, however, the shares drifted back to close only marginally firmer at 251p.

Traded option activity tailed off yesterday with total contracts sharply down on the previous day's 37,000. Calls came out at 17,123 with puts at 11,148. GEC were relatively active, attracting 2,503 calls and 2,057 puts. The FTSE contract registered 547 calls and 930 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 12	Jan. 11	Jan. 8	Jan. 7	Jan. 6	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	87.54	87.60	87.38	87.82	87.76	84.57	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.62	94.52	94.14	94.23	94.39	91.25	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1396.9	1417.4	1424.5	1434.5	1438.0	1393.9	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	290.8	296.5	308.6	312.5	299.3	326.3	497.5 (4/8/87)	261.6 (6/11/87)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.46	4.40	4.37	4.34	4.32	4.12				
Earnings Yld. %(full)	11.14	11.01	10.92	10.84	10.82	9.72				
P/E Ratio (net)(*)	11.00	11.13	11.23	11.31	11.33	12.63				
SEAQ Bargains (5pm)	23,743	27,733	30,088	27,642	29,026	37,045				
Equity Turnover (£m)	-	-	1241.28	1295.90	1334.73	1399.09				
Equity Bargains	-	-	32,299	31,525	31,399	50,164				
Shares Traded (ml)	-	-	496.1	534.1	554.4	565.3				

S.E ACTIVITY

Indices	Jan. 11	Jan. 8
Gilt Edged Bargains	-	113.2
Equity Bargains	-	209.3
Equity Value	-	2508.9
5-Day average		
Gilt Edged Bargains	-	103.9
Equity Bargains	-	181.9
Equity Value	-	2159.8

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1422.3	1416.4	1420.4	1424.2	1424.6	1421.6	1417.9	1406.7

Day's High 1425.5 Day's low 1396.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.89.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

Traditional Options

- **First dealings Jan 4**
- **Last dealings Jan 15**
- **Last declarations Apr 7**
- **For Settlement Apr 18**

For rate indications see end of London Share Service

A fair amount of interest developed in the Traditional option market yesterday. Stocks to attract money for the call included **Geo. Wimpey, BOM Holdings, Hyman, Spargos, Blacks Leisure, Entertainment Production Services, Dares Estates, Greenwich Resources, Inoco, Brunswick, Amstrad, Eagle Trust, PML, Quest Group, Cullens, Bejam, STC, Ibstock Johnsen, Tarmac, Racal, Wellcome** and **J. Webb**. Puts were arranged in **FKI Babcock** and **Britoil**, but no double options were reported.

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (1).

BANKS (1) Moorgate Mercantile Hldgs.

NEW LOWS (13).

BANKS (1) Benchmark, ELECTRICALS (2) Norsk Data "A", Systems Reliability, INDUSTRIALS (2) Coated Electrodes, Doctus, TRUSTS (4) Camellia Invs., Greenfriar Invs., New Darien Oil Tst., Scot. National Tst. Warrants, MINES (4) Kinross, Brunswick, Gem Exploration & Minerals, Ayer Hitam.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	65	31	20
Corporations, Dominion and Foreign Bonds	19	2	34
Industrials	385	318	661
Financial and Properties	239	120	276
Oils	29	31	51
Plantations	[illegible]	[illegible]	[illegible]
Mines	48	47	102
Others	110	56	83
Totals	1,101	606	1,235

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Tuesday January 12 1988

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Mon Jan 11 Index No.	Fri Jan 8 Index No.	Thu Jan 7 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (208)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (185)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (35)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (92)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (124)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (720)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Jan 11	Jan 8	Jan 7	Jan 6	Jan 5	Year ago
FT-SE 100 SHARE INDEX ♦	1739.2	-21.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Tue Jan 12	Day's change %	Mon Jan 11	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	-	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	-	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	-	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	-	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	-	[illegible]
	Index-Linked					
6	5 years	[illegible]	[illegible]	[illegible]	-	[illegible]
7	Over 5 years	[illegible]	[illegible]	[illegible]	-	[illegible]
8	All stocks	[illegible]	[illegible]	[illegible]	-	[illegible]
9	Debentures & Loans	[illegible]	[illegible]	[illegible]	-	[illegible]
10	Preference	[illegible]	[illegible]	[illegible]	-	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS		Tue Jan 12	Mon Jan 11	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
	Index-Linked				
11	Inflation rate 5%	5yrs.	[illegible]	[illegible]	[illegible]
12	Inflation rate 5%	Over 5 yrs.	[illegible]	[illegible]	[illegible]
13	Inflation rate 10%	5yrs.	[illegible]	[illegible]	[illegible]
14	Inflation rate 10%	Over 5 yrs.	[illegible]	[illegible]	[illegible]
15	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
16		15 years	[illegible]	[illegible]	[illegible]
17		25 years	[illegible]	[illegible]	[illegible]
18	Preference		[illegible]	[illegible]	[illegible]

♦Opening index 1762.6; 10 am 1756.0; 11 am 1762.9; Noon 1767.5; 1 pm 1768.2; 2 pm 1765.5; 3 pm 1760.3; 3.30 pm 1752.8; 4 pm 1748.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

CONSTITUENT CHANGES: MK Electric (4) has been deleted and replaced by Wace (32).

LONDON TRADED OPTIONS

Option		CALLS Jan.	CALLS Apr.	CALLS Jul.	PUTS Jan.	PUTS Apr.	PUTS Jul.
Allied Lyons (*335)	330	13	35	43	9	25	35
	360	4	20	30	28	42	52
	390	3	11	22	58	63	72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
LASMO (*284)	260	42	55	65	15	30	37
	280	30	45	55	25	40	47
	300	20	35	45	35	50	57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

January 12 Total Contracts 28,271. Calls 17,123 Puts 11,148

FT-SE Index Calls 547 Puts 930

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

CANADA

Sales Stock High Low Close Chng

TORONTO
Prices at 2.30pm January 12

7624 AMCA Int $8¾ 8⅝ 8⅝ −⅛
47434 Abitibi Pr $26⅛ 26⅛ 26⅛ +⅛
3600 Agnico E $21¾ 21⅝ 21¾ −⅝
44686 Albrta En $17 16½ 16¾ −¼
5100 Albrta N $13¼ 13 13¼ +¼
291888 Alcan $34¾ 33½ 33½ −1
880 Algoma St $15¾ 15⅝ 15⅝ +⅛
19000 Asamera $8¾ 8½ 8½
26772 Atco I f $9⅞ 9¾ 9⅞ +⅛
625 Atco II $9⅝ 9⅝ 9⅝
103334 Bell Can $37¼ 36¾ 36⅞ −¼
20124 Bk BCol 73 72 73 +1
782 BC Sugar A $25½ 25½ 25½ −½
1400 BGR A $11½ 11⅜ 11½
21529 BP Canada $19 18¼ 18¼ −⅛
800 Banister C $7⅝ 7⅝ 7⅝
38292 Bk Montl $26⅞ 26½ 26⅝ −¼
96412 Bk NScot $13⅝ 12¾ 13 −½
199074 Bow Valy $14⅞ 14⅝ 14⅝ −¼
500 Bramalea $20½ 20½ 20½ +½
39384 Brascan A $26⅛ 25¾ 25¾ −¼
14300 Brkwater 460 450 460
1700 Brenda M $17⅞ 17½ 17⅞ +⅜
2980 BC ForP $18¾ 18⅝ 18⅝ −⅛
12805 BC Res 91 91 91 +1
4960 BC Phone $26¾ 26½ 26½ −⅛
1100 Brunswk $12¾ 12¾ 12¾ −¼
98767 CAE $7¼ 6¾ 6⅞ −⅜
100 CCL B f $7⅝ 7⅝ 7⅝ +⅛
50 CIL $28 28 28
3610 Cambridg $24⅝ 24⅝ 24⅝ −⅛
600 Camp Res 195 190 195 +5
2000 Camp Soup $18½ 18½ 18½
17360 Campeau f $17⅝ 17½ 17½ −¼
30 Can Malt $22⅝ 22⅝ 22⅝
6713 C Nor West $18¾ 18¼ 18¼ −¾
10645 C Packrs $14½ 14⅜ 14⅜
67351 Cl Bk Com $19¾ 19¼ 19⅜ −⅜
2800 C Marconi $17⅝ 17½ 17⅝ +⅛
11100 C Occidntl $16¾ 16¼ 16¾
269035 CP Ltd $22 21¼ 21½ −½
110340 CTire A f $14 13¼ 13¼ −¾
6265 CUtil A f $19⅝ 19¼ 19¼ −⅛
800 CUtil B $19¼ 19¼ 19¼ −⅜
102900 Canfor $25 24⅞ 25
1100 Canron A $13 13 13
800 Cara $11⅞ 11⅞ 11⅞ −⅛
500 Cara A f $10⅞ 10⅞ 10⅞ −¼
3300 CantFd A $7¾ 7¼ 7¼
81 Chieftan $9¼ 9¼ 9¼
400 CHUM B f $17½ 17½ 17½
143305 Cominco $13⅝ 13¼ 13½
4500 Computlog 430 410 410 −25
99881 Comput In 174 170 170 −3
1808 Con Bath A $18¼ 18 18¼
11360 Conwst A 180 165 180 +10
892 Cons Gas $23⅞ 23¾ 23⅞ +⅛
54110 Con Glass $24 23¼ 23¼ +¼

MONTREAL
Closing prices January 11

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Stock Sales (Hnds) High Low Last Chng

Continued from Page 37

OtrTP 2.92 12 6 41 40½ 41 + ¼
OwenMn.36 10 136 13½ 13 13½ + ¼

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

A.T.A. Selection 66 + 7
Airsprung 230 + 35
Beaverco 200 + 15
Britoil 453 + 7
Burtonwood Brew. 130 + 10
Central TV 477 + 14
Coalite 325 + 11
Countryside Props. 246 + 17
H.T.V. 279 + 10
Kleinwort Benson 345 + 11
MS Intl. 101 + 18
Maxwell Comms. 239 + 7
Office & Elect. 143 + 38
Rentokil 200 + 12
Sturge 425 + 60
Trent Hldgs. 108 + 13
Unigate 389 + 6
Wellcome 382 + 11

FALLS

Treas. 13¼% 1997 £118⅝ − ½
Abbey Life 235 − 11
Barclays 469 − 19
Beechams 450 − 14
BP 254 − 6
Burton 224 − 11
Dixons 202 − 8
GEC 157 − 6
Plessey 152 − 9
Racal Elect. 237 − 9
STC 235 − 10
Sun Alliance 851 − 27

TOKYO - Most Active Stocks
Tuesday January 12 1988

	Stocks Traded	Closing Prices	Change on day
Ishikawajima-Harima Heavy Ind	67.70m	678	+33
Sumitomo Chem	42.84m	978	+46
Kawasaki Steel	36.29m	335	+20
Kawasaki Heavy Ind	20.29m	292	+8
Kamigumi	13.94m	688	-7
Sumitomo Heavy Ind	13.94m	688	-5
Kobe Steel	12.99m	308	+21
Fujitsu	9.38m	1,410	-10
Nippon Steel	8.33m	382	+4
Mitsubishi Heavy Ind	7.98m	536	+3

Indices

NEW YORK
DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	2.0	16	66	17⅝	17½	17⅝	+⅛
32½	21	ARS s	.16	.7	8	314	24½	24	24¼	-½
27	10½	AGS s			14	242	16¼	15¾	16	-¼
10½	6¾	AMCA				1	6⅞	6⅞	6⅞	
9⅝	3¼	AM Intl			38	1022	5½	5¼	5⅜	-1
65½	26¾	AMR			10	7210	36½	33¾	35	-1
27½	24⅛	ANR pf2.67		11.		2	25⅞	25⅞	25⅞	
25	19	ANR pf2.12		10.		5	21	21	21	+1
12¼	6⅝	ARX s			7	53	7¼	7⅛	7⅛	[illegible]
73½	38⅝	ASA	2a	4.1		477	48⅞	47½	48⅝	-1
22⅝	9½	AVX			15	344	14½	13¾	14⅛	[illegible]
67	40	AbtLab	1	2.1	18	2513	47¼	45¾	46⅞	[illegible]
29	15⅝	[illegible]				1511	20¼	20⅛	20⅛	[illegible]
16¾	9½	AcmeC .40		3.6	15	73	11⅛	10⅞	11	[illegible]
10½	6¾	AcmeE .32b		4.1	27	7	7¾	7¾	7¾	[illegible]
20	14⅛	AdaEx 3.44e		23		61	15½	15⅛	15¼	
18½	6⅞	AdamM .24		2.7	7	33	9	8¾	9	
24⅞	7½	AMD				7819	10	9⅝	9½	[illegible]
56¾	29¼	AMD pf	3	9.1		372	33	32¼	33	
11⅞	4⅝	Adobe				225	5¾	5½	5⅝	[illegible]
20½	16⅝	Adob pf1.84		11.		115	17	16⅞	16⅞	
21⅞	17½	Adob pf2.40		12.		37	20⅞	20½	20⅝	[illegible]
15	6⅛	Advest .12a		1.7	5	173	7¼	6¾	7¼	[illegible]
68¼	43⅝	AetnLf 2.76		6.3	6	2661	44¾	43½	44⅛	[illegible]
83½	38⅛	AfilPub .40		.8	9	275	52¾	51	51½	[illegible]
[illegible]	13	Ahmans .88		5.9	6	1494	15¼	14⅝	15	-1
5⅝	1¾	Aileen				100	2⅛	2	2⅛	+1
53⅞	29	AirPrd	1	2.5	14	1631	39½	38⅝	39¼	+1
36	11⅞	AirbFrt .60		4.2	9	115	14½	14⅛	14⅛	
16½	6¼	Airgas			16	37	11	10¾	11	
19½	13½	Airlease 2.16e		13.	9	59	17¼	16⅞	17	-1

Continued on Page 37

حكذا في الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quot.	Ch'ge Prev. Close
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 35

Dow surrenders its advance as caution bites

Wall Street

A NEW caution entered the US equity market which fell back yesterday, reversing its technical gains on Monday, *writes Janet Bush in New York.*

At 2pm, the Dow Jones industrial average stood 50.57 lower at 1,894.56.

Volume was relatively sluggish. By midsession, around 90m shares had changed hands, signalling rather low activity.

Monday's bounce of 33.82 points was seen purely as a reaction to the 140-point fall on Friday. Most of the gain came in blue chip stocks while the rest of the market lagged behind. On the New York Stock Exchange, eight stocks declined for every seven which rose.

Many equity analysts feel the new sense of caution after Friday's decline is positive for the longer-term health of the market. The substantial rally in share prices in late December and in the first week of January was regarded as far too fast and too frothy, given a continuing reluctance in the investment community to commit new funds to the market. Much of the activity had been by professionals.

Analysts now feel the market will remain somewhat volatile from day to day but that some of the speculative edge will have been taken off.

The rest of this week, however, is likely to be dominated by speculation about Friday's release of the November trade figures, with estimates varying widely about how large the deficit will be. Although rumours have been circulating of a shortfall of perhaps as much as $20bn, most people are hoping for a substantial improvement from October's $17.6bn trade gap.

Crude oil prices returned as a factor in the markets yesterday. Crude oil futures dropped sharply on the New York Mercantile Exchange, with February crude down 65 cents a barrel from Monday's settlement at $16.10 a barrel.

The weak opening reflected reports that Kuwait had begun offering discounts pegged to five-day spot averages of Dubai and Oman crudes and that Saudi Arabia had been giving preferential terms to its four major oil customers – Exxon, Chevron, Texaco and Mobil. There were also reports that Saudi Arabia expects the price of crude to drop to $15 a barrel by the end of January.

Lower oil prices helped the US bond market, which is slowly recovering from its sharp losses last week. The Treasury's 8.875 per cent 30-year benchmark issue stood ½ point higher just before midsession, still yielding above 9 per cent, before dropping back to only a ⅛ point gain on the day.

The stock market was dominated by weakness in oil stocks although sell-programmes linked to stock index arbitrage contributed to a deepening of the overall market decline.

By midsession, Amoco had lost $1⅞ to $68, Chevron was $1⅞ lower at $39 and Exxon was $⅞ down at $38. Atlantic Richfield, which has built up its stake in Britoil to 23.04 per cent, lost $3⅛ to $67⅞.

Digital Equipment slumped $8⅞ to $123⅞. The company is expected to announce its fourth quarter results imminently and there were reports yesterday that two brokerage firms had reduced their investment ratings for the stock.

The weakness in Digital contributed to falls in other computer stocks. Hewlett-Packard dropped $1⅞ to $54¼, Cray Research lost $2⅞ and Unisys was $2⅛ lower at $31⅞.

Data General said yesterday it would sell desk-top publishing systems through a marketing agreement with Xerox. Data General shared the weakness of the computer sector and declined $⅞ to $24¼ and Xerox fell $1⅛ to $56⅞.

Blue chip issues, which had led the market higher on Monday, performed badly yesterday. International Business Machines plunged $3⅞ to $114, Eastman Kodak was down $1⅛ at $48¼, Merck lost $3⅞ to $165 and Philip Morris declined $1⅞ to $84⅛.

American Express lost $1 to $23⅞ after it said its international banking subsidiary American Express Bank Ltd had added $350m to its loan loss reserves and had written off all its outstanding Latin American private sector corporate loans.

Security Pacific, which is adding $350m to its loan loss provisions against Third World debt, declined $⅞ to $27⅞.

Bethlehem Steel said it would increase the price of most steel sheet products by $30 a ton from the beginning of April. Its share price added $⅛ to $16⅞.

Marcade, a clothing manufacturer and specialist retailer, rose $⅛ to $2½ after news that a group including Texas-based Investment L.P. held an 8.1 per cent stake in the company. The group said it had acquired the stock for investment purposes.

Canada

QUIET trading saw Toronto share prices moving lower across the board in line with Wall Street's early decline.

Here, too, energy stocks were hit by weaker crude oil prices, with Imperial Oil "A" shares losing C$3 to C$55 and Shell Canada shedding C$1¼ to C$37⅞.

Golds lost out from the lower bullion price. Echo Bay fell C$⅞ to C$28½, while Lac Minerals was off C$⅛ at C$12⅞ and Placer Dome dropped C$⅞ to C$18⅞.

Blue chips also showed falls. Seagram ended C$1⅞ down at C$70⅞.

In an easier banking sector, Royal Bank lost C$⅞ to C$28, Bank of Montreal shed C$⅛ to C$26⅞, Canadian Imperial Bank dropped C$⅞ to C$19⅞ and Toronto Dominion declined C$⅞ to C$26⅞.

SOUTH AFRICA

THE LOWER bullion price and a stronger financial rand sent Johannesburg gold shares down in quiet, cautious trading involving few institutional investors.

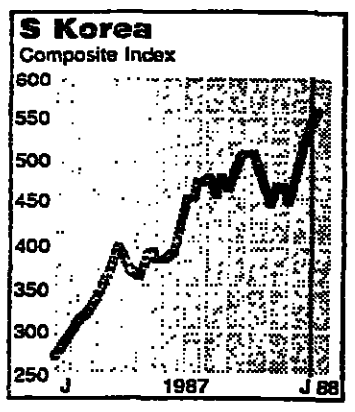
Shares in the Rand Mines group fell back following its decline in quarterly profits. Harmony, the biggest of the group's mines, showed a closing offer price of R32.50, down R1.50, while East Rand Proprietary Mines tumbled R2.50, or 9 per cent, to R25.

Elsewhere in golds, Vaal Reefs ended down R13 at R325 and Randfontein R15 lower at R265.

Other miners were mixed, with Rustenburg Platinum easing 50 cents to R29.50 in sympathy with golds, but diamond stock De Beers adding 50 cents to R30.75.

Among the mining houses, Anglo American eased 50 cents to R51.50 and Gencor shed 75 cents to R48.75.

Slightly firmer industrials saw Barlow Rand add 35 cents to R21.10 and SA Breweries up 25 cents to R17.25.



Olympics glee sends Seoul to record high

By Mark Nicholson in London

SOUTH KOREAN share prices yesterday vaulted to a record on the announcement that the Soviet Union has decided to participate in this year's summer Olympic games in Seoul.

The composite stock price index jumped 18.53, or 3.3 per cent, to a peak of 571.29 after breaching 550 for the first time on Monday.

A rush of orders from individual investors also pushed turnover to a fresh high of Won 276.2bn ($349m) compared with Won 201.6bn on Monday. The previous record turnover was Won 227.4bn, set last Thursday.

Yesterday's was the second biggest daily rise on the market after the 19.27 leap on December 17 last year which greeted Mr Roh Tae Woo's victory in the presidential election.

Seoul is closed to direct foreign investment, but the two overseas funds based on Korean stocks also rose following the Soviet Union's announcement. The Korea Fund opened yesterday at $57½ on Wall Street, up $2½ from Monday's close, while the Korea Euro Fund was trading $2 higher at $22 in London.

News of the Soviet Union's participation in the summer games, which was followed by confirmation that China's athletes would take part, directly buoyed market sentiment. But analysts stressed that investors were also responding to the hope that the Soviet decision could herald increased trade between South Korea and the East Bloc.

Financial, construction and trade-related issues headed yesterday's charge. Among the leaders, Dong-suh Stock was Won 1,500n higher at 45,500 and Daishin Securities Won 1,400 up 41,900. KAL was Won 1,000 stronger at Won 18,600.

Yesterday's surge was marked by a return to the market by individual investors. One analyst estimated that individuals accounted for between 75 and 80 per cent of yesterday's trade. Individuals turned shy in November as political uncertainty preceded the presidential election and ripples from the October 19 crash reached the relatively insular Seoul market.

Most analysts expect Seoul to rise strongly throughout the year, basing their optimism on a rosy economic prognosis which, according to some estimates, could see corporate profits rise 30 to 40 per cent and GNP expand 10 per cent driven by strong export growth.

Mr Andrew Hobbs, an analyst with Hoare Govett said: "We expect a rise of 35 per cent in the stock market this year, and we're being conservative. I had a Korean analyst in the other day predicting a 70 per cent rise."

ASIA

Securities firms tilt Nikkei see-saw higher

Tokyo

A LATE rush for large-capitalisation and financial issues lifted the Nikkei average after a widely fluctuating session in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The market indicator climbed 46.62 to 22,625.05. Volume expanded to 534m shares from Monday's 396m. Declines slightly outnumbered advances by 444 to 417, with 142 issues unchanged.

The key index strengthened about 108 points minutes after the opening, reflecting an overnight rally on Wall Street, but lost 119 points to the session's low towards the morning close. In the afternoon, it rebounded gradually on buying of steels, shipbuilders and financials.

The early firmness was traced to buying by securities companies and individual investors, sparked by Wall Street's rally. As the buying ran its course, small-lot selling gathered *momentum.*

Investors kept a fairly low profile in the run-up to Friday's US trade figures. They were also subdued by the prospect of the market's closure both on Friday for a national holiday and on Saturday morning. Institutions stayed out of the market all day.

A push by Nomura Securities led large capitalisation issues higher. Ishikawajima-Harima Heavy Industries headed the active stock list, with 67.70m shares traded, and rose Y33 to Y678, Sumitomo Chemical, second busiest with 42.84m shares, added Y45 to Y978, and Kawasaki Steel, third with 36.29m shares, Y20 to Y335.

The financial sector rose spiritedly on light buying towards the close after a sluggish morning, with Sumitomo Bank climbing Y80 to Y3,220 and Mitsubishi Bank Y60 to Y2,750.

Fisheries gained ground almost across the board: Kyokuyo sprinted Y92 to Y740 and Nippon Suisan Kaisha Y30 to Y616.

Some speculative stocks also advanced, with Toshoku increasing Y51 to Y703 and Zenchiku Y67 to Y1,020. Conversely, Kamigumi, the most active stock the previous day, shed Y7 to Y688 after moving *in a wide range of Y673 to* Y722.

The high-tech sector weakened broadly, although the view persists that it will become popular later this year. Hitachi declined Y20 to Y1,230, NEC eased Y30 to Y2,040, Matsushita Electric Industrial lost Y20 to Y2,220 and Nippon Telegraph and Telephone (NTT) shed Y30,000 to Y2.2m.

Car stocks gained strength, aided by brisk motor vehicle production. Toyota and Nissan made a moderate gain of Y20 each to Y1,850 and Y756.

Bonds rallied strongly, stimulated by the overnight plunge of crude oil prices and lower US interest rates. The Bank of Japan's buying of Y50bn worth of 5.1 per cent government bonds due in June 1996 and other issues also helped the market.

The start of Prime Minister Mr Noboru Takeshita's trip to the US yesterday spawned expectations that the central bank may guide short-term interest rates lower.

The yield on the bellwether 5.0 per cent government bond maturing in December 1997 tumbled from Monday's 4.580 per cent finish to 4.490 per cent in block trading.

On the Osaka Securities *Exchange, the stock average* lost 11.51 to 22,932.02 after opening firmer. Turnover rose 17m shares to 87m.

Mitsumi Electric fell Y133 to Y927 on news that the company is likely to post sharply lower pre-tax profits for this fiscal year, after earlier forecasting profits growth.

Singapore

UNDERLINING its current volatility, Singapore rebounded strongly from Monday's sharp losses, with the Straits Times industrial index adding 21.40, or 2.5 per cent, to 870.45.

However, turnover was nearly 7m shares less than on Monday at 29m shares as individuals dominated trading.

City Developments again topped the active list, putting on 10 cents to S$2.41 on 1.2m shares. In blue chips, DBS recovered 40 cents to S$9.60 and Metro 35 cents to S$5.90.

Hong Kong

THE RALLY on Wall Street lifted Hong Kong share prices in light trading, with many operators cautious over Friday's US trade figures. The Hang Seng index finished 41.61 higher at 2,442.41 in turnover worth HK$664m.

Among the strongest gains, Cathay Pacific put on 40 cents to HK$6.55 with orders coming from UK institutions. The holding company, Swire Pacific, saw its "A" shares climb 50 cents to HK$16.10.

A London analyst attributed the interest in Cathay to the pressure on oil prices, the top place accorded the airline in a recent trade journal survey, and the prospect of further buying by the Chinese investment corporation, Citic.

Shares in Industrial Equity (Pacific), the Hong Kong arm of Sir Ron Brierley's investment empire, closed 30 cents lower at HK$8.50 after saying it would take provisions of HK$391m in the year ending next June 30 for stock writedowns.

Australia

BLUE CHIP industrials led a recovery in Sydney, with demand pushing stocks up sharply in early trading before interest faded. The All Ordinaries index closed 20.2 higher at 1,286.5.

Among banks, Westpac rose 7 cents to A$4.60 following its bid to buy the outstanding shares in its 77 per cent owned finance arm AGC.

Elsewhere in industrials, News Corp added 40 cents to A$12.70 and Lend Lease 20 cents to A$10.50.

EUROPE

Frankfurt gives up gains on dollar worries

EUROPEAN equities recovered slightly in tentative trade overhung by fears both over the dollar and the possibility of bad November US trade figures on Friday.

FRANKFURT surrendered opening gains to end mixed in a session haunted by fears that the dollar may weaken further should Friday's US trade figures prove unfavourable. The midsession Commerzbank index edged 0.6 higher to 1,276.3, though the closing FAZ index was just 0.04 off at 415.87.

Recently battered car stocks made some progress, with BMW adding DM3 to DM461 as it forecast steady profits for 1987 and Porsche preference shares recovering DM14.50 to DM417 after the group denied press reports it was to cut its dividend. Daimler rallied from a DM5 fall to close DM1 off at DM574.50 after denying rumours it was to shorten production shifts.

Stores, though, were hurt by worries that the Government may introduce a consumption tax. Kaufhof fell DM12.50 to DM360 and Karstadt was DM4.50 lower at DM389. Akso eased DM1 to DM535, but Massa firmed DM2 against the trend to DM224.

Schering starred in an otherwise dull chemicals sector with a DM9.20 rise to DM363. BASF was down DM1.30 to DM242.20 and Bayer 40 pfg cheaper at DM256.60.

Banks also moved narrowly, Deutsche adding just 20 pfg to DM404.50 and Dresdner giving up 80 pfg to DM228.70.

Mixed electricals saw Siemens add DM1.30 to DM351.30 but AEG shed DM3 to DM178.

ZURICH rose modestly on Wall Street's overnight performance but doubts over Friday's US trade figure later brought prices off their highs.

F. Hoffmann-La Roche, which is bidding to acquire Sterling *Drug of the US, again took centre stage.* Its most frequently traded "baby" stock added SFr100 to SFr9,400, while its bearer share rose SFr5,000 to SFr190,000. Ciba-Geigy firmed SFr25 to SFr2,525 and Sandoz added SFr100 to SFr12,100.

Elsewhere, Swiss Re added SFr150 to SFr11,700, while fellow insurer Zurich climbed SFr50 to SFr6,050. Banks also rose modestly, Union Bank and Credit Suisse each by SFr20 to SFr3,080 and SFr2,400, respectively. Swiss Bank, however, eased SFr6 to SFr331.

PARIS succumbed to profit-taking after rising early on the overnight strength of Wall Street. The general indicator was 0.25 per cent down at the close.

Most sectors moved in a tight range, though food stock Générale Occidentale stood out with a FFr10 gain to FFr626 on news that it plans to sell its Grand Union supermarket unit for $655m.

AMSTERDAM firmed but lost early highs as the market shadowed an opening fall on Wall Street and late fragility in the dollar. The CBS all-share index closed 0.3 up at 69.3.

International blue chips ended mixed, with KLM up 50 cents at Fl 30.30, but Philips off 40 cents at Fl 26.60, Royal Dutch Fl 2.50 lower at Fl 203 and Unilever down Fl 1 at Fl 101.70.

Insurers and banks barely moved. Trader Internatio-Mueller ended Fl 3.60 higher at Fl 43.40. Transport group Nedlloyd added Fl 11 to Fl 148.

London

SHADOWING the early losses on Wall Street, London equities finished lower after showing some resilience at midsession.

The FT-SE 100 index ended 21 down at 1,739.2, having been 5 points higher before Wall Street's opening. Trade was subdued as investors awaited Friday's US trade figures.

MILAN finished mixed in dull trade before today's deadline for converting option contracts, with the market finding some support from steadier prices across Europe. The MIB index was 1 higher at 1,008.

Montedison settled at L1,255, a rise of L14, in a rush of business *following a rumour, later* denied by chairman Mr Raul Gardini, that the group was poised to shed its interests in the insurance industry.

Fiat ordinary ended L21 off at L8,315, while the IFI holding company which controls the car *maker was L10 easier at* L18,050. SNIA was L54 cheaper at L2,341.

BRUSSELS rallied slightly in moderate trade in a largely technical reaction to Monday's heavy selling. The cash index finished 30.8 up at 3,729.74.

Reserve continued to attract a flurry of trade, adding BFr10 to BFr2,760 as 80,000 shares changed hands. Blue chip Petrofina added BFr120 to BFr8,960.

Among banks, BBL added BFr20 to BFr2,650, though Generale de Banque fell back BFr20 to BFr4,580. Utilities gained strongly, with Ebes up BFr170 at BFr4,560 and Electrafina up BFr140 to BFr5,050.

OSLO firmed marginally *despite a plunge in the value of* Norsk Data shares. The all-share index ended 0.11 higher at 264.57.

Norsk Data's voting A shares tumbled NKr26 to NKr63 and its non-voting B shares, which can be traded by foreign investors, NKr21 to NKr60 after saying it expected 1987 profits to be half the 1986 figure.

MADRID rose with the overnight recovery on Wall Street, though banking issues failed to follow the market. The general index was 1.27 higher at 235.49.

Chemical and engineering issues posted gains and market leader Telefonica made a 4.5 percentage point gain to 170 per cent of nominal market value.

HELSINKI fell slightly in slow trade. The Unitas all-share index closed 0.6 per cent down at 541.9 in turnover of just FM30.9m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	MONDAY JANUARY 11 1988 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	FRIDAY JANUARY 8 1988 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	98.25	-2.5	79.97	92.04	4.90	100.80	82.66	95.01	180.81	85.36	105.67
Austria (16)	94.54	+0.0	76.95	80.42	2.61	94.54	77.53	81.26	102.87	85.53	98.95
Belgium (48)	101.54	-3.2	82.65	86.02	5.51	104.87	85.99	89.48	134.89	94.63	97.56
Canada (127)	111.78	-2.5	90.99	104.38	2.98	114.63	94.00	106.70	141.78	98.15	107.03
Denmark (38)	114.38	+0.1	93.10	97.81	3.03	114.24	93.68	98.58	124.83	98.18	109.98
Finland (23)	111.00	+0.5	90.35	93.21	1.59	110.45	90.57	93.74	–	–	–
France (124)	83.17	-2.0	67.69	72.08	4.11	84.83	69.56	74.15	121.82	77.39	105.04
West Germany (94)	73.14	-2.7	59.53	62.24	2.99	75.16	61.64	64.50	104.93	68.91	95.90
Hong Kong (46)	91.80	-2.6	74.72	91.69	5.73	94.30	77.33	94.13	158.68	73.92	102.75
Ireland (14)	109.21	-0.9	88.89	94.96	4.78	110.23	90.39	96.59	160.22	93.50	108.36
Italy (94)	75.57	-1.7	61.51	67.92	2.82	76.86	63.03	69.63	112.11	72.04	99.59
Japan (457)	139.28	-0.8	113.36	112.82	0.62	140.38	115.11	114.51	161.28	100.00	101.83
Malaysia (36)	114.61	-3.7	93.29	111.57	3.34	119.06	97.63	116.01	193.64	93.76	106.52
Mexico (14)	96.30	+0.7	78.38	236.37	1.50	95.61	78.40	234.68	422.59	95.61	118.35
Netherland (37)	98.04	-3.3	79.80	82.29	5.47	101.43	83.17	85.90	131.41	87.70	100.60
New Zealand (24)	76.91	+0.8	62.60	62.55	5.25	76.28	62.55	62.79	138.99	73.39	99.62
Norway (24)	107.64	-5.6	87.61	92.30	2.96	114.02	93.50	98.16	185.01	95.51	102.46
Singapore (26)	99.23	-5.0	80.77	92.41	2.62	104.47	85.67	98.09	174.28	81.21	108.60
South Africa (61)	132.64	-3.5	107.96	90.62	4.71	137.52	112.77	93.95	198.09	100.00	111.01
Spain (43)	131.65	-2.7	107.15	111.35	3.63	135.31	110.95	115.37	168.81	100.00	111.47
Sweden (34)	98.49	-1.8	80.17	86.50	2.65	100.30	82.24	88.53	136.64	88.50	94.33
Switzerland (53)	79.23	-4.7	64.49	65.70	2.53	83.16	68.19	69.58	111.11	73.65	101.23
United Kingdom (331)	132.04	-0.2	107.47	107.47	4.34	132.26	108.46	108.46	162.87	99.65	105.86
USA (589)	100.85	+1.4	82.08	100.85	3.67	99.48	81.57	99.48	137.42	91.21	107.74
Europe (973)	102.50	-1.4	83.43	85.87	3.95	103.99	85.27	87.81	130.02	92.25	102.31
Pacific Basin (682)	135.83	-0.9	110.55	111.06	0.85	137.03	112.37	112.81	158.77	100.00	102.01
Euro-Pacific (1655)	122.54	-1.1	99.74	100.97	1.90	123.86	101.57	102.80	143.65	100.00	102.13
North America (716)	101.43	+1.1	82.56	101.07	3.63	100.28	82.23	99.91	137.55	91.68	107.70
Europe Ex. UK (642)	84.20	-2.6	68.54	72.26	3.57	86.45	70.90	74.80	111.97	78.89	96.68
Pacific Ex. Japan (225)	94.23	-2.5	76.70	89.15	5.04	96.63	79.24	91.82	164.03	82.92	103.90
World Ex. US (1857)	122.27	-1.1	99.52	101.09	1.96	123.67	101.41	102.95	143.38	100.00	102.42
World Ex. UK (2115)	112.20	-0.3	91.32	100.30	2.33	112.55	92.29	101.03	138.82	100.00	104.38
World Ex. So. Af. (2385)	113.84	-0.3	92.66	102.02	2.52	114.15	93.61	101.76	139.47	100.00	104.47
World Ex. Japan (1989)	101.84	+0.0	82.89	95.25	3.80	101.82	83.49	95.50	134.22	92.98	105.78
The World Index (2446)	113.96	-0.3	92.76	100.98	2.54	114.30	93.73	101.73	139.73	100.00	104.51

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

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